



## **U.S. Department of State FY 2001 Country Commercial Guide: United Arab Emirates**

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## CHAPTER I. EXECUTIVE SUMMARY

This Country Commercial Guide (CCG) presents a comprehensive look at the United Arab Emirates' (UAE) commercial environment using economic, political and market analysis. The CCGs were established by recommendation of the Trade Promotion Coordinating Committee, a multi-agency task force, to consolidate various reporting documents prepared for the U.S. business community. Country commercial guides are prepared annually at U.S. embassies through the combined efforts of several U.S. government agencies.

While the UAE remains one of the most dynamic economies in the Gulf region, the sharp fall in oil prices experienced during 1998 hurt both the local economy and U.S. exports. After rising in 1996 and 1997, U.S. exports to the UAE fell by 10% in 1998 to 2.3 billion dollars. With a resurgence in 1999 oil prices, however, U.S. exports to the UAE have rebounded, increasing by 14.5% in 1999.

Some sectors of the local economy, such as shipping, oil field services, textiles and consumer electronics, have suffered. Others, such as construction materials, furniture, computers, transportation equipment and machinery, continue to grow. Abu Dhabi's economy continues to be dominated by government-financed infrastructure and petrochemical projects. Dubai

continues to emerge as a regional center for trade, transportation, tourism, and information technology.

American exports to the UAE are led by machinery, vehicles, electrical equipment and--in some years--aircraft. Cosmetics, tobacco, steel, furniture, plastic and food products are also important U.S. exports.

While the United States is among the top six exporters to the UAE, the combined exports of E.C members are significantly larger. European firms continue to win a major portion of construction, telecommunications, power, water and defense projects. Japan remains highly competitive in telecommunications, vehicles and to a lesser extent, heavy industrial machinery. Other East Asian producers dominate in consumer goods.

#### AGRICULTURAL EXECUTIVE SUMMARY:

High value U.S. food products with strong market potential in the UAE include frozen poultry parts, chilled and frozen beef, fresh apples, pears and carrots, almonds, breakfast cereals, honey, processed cheeses, condiments such as dressings, dips, hot sauces and mayonnaise, snack foods, juices and processed fruits and vegetables. In addition, growth in the local food processing industry is driving demand for semi-processed products such as beverage bases, vegetable oils, raw peanuts and almonds, specialty flours and a variety of other food ingredients.

Country Commercial Guides are available for U.S. exporters from the National Trade Data Bank's CD-ROM or via the Internet. Please see [www.usatrade.gov](http://www.usatrade.gov) and then contact STAT-USA at 1-800-STAT-USA for more information. Country Commercial Guides can be accessed via the World Wide Web at [HTTP://WWW.STATE.GOV](http://WWW.STATE.GOV) and [HTTP://WWW.MAC.DOC.GOV](http://WWW.MAC.DOC.GOV). They can also be ordered in hard copy or on diskette from the National Technical Information Service (NTIS) at 1-800-553-NTIS. U.S. exporters seeking general export information/assistance and country specific commercial information should contact the U.S. Department of Commerce, Trade Information Center by phone at 1-800-USA-Trad(e) or by fax at (202) 482-4473.

## CHAPTER II. ECONOMIC TRENDS AND OUTLOOK

The United Arab Emirates (UAE) is a federation of seven emirates located on the Arabian Peninsula. The UAE has a coastline and seaports inside as well as outside the Strait of Hormuz, which is the entrance to the Arabian Gulf. The seven emirates are Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al Qaiwain, Fujairah, and Ras Al Khaimah. The total area of the UAE is about the size of Maine, with a population approaching 3.0 million, of which approximately 80% are expatriates. Each emirate has its own ruler and retains a high degree of autonomy within the federal system. The president of the UAE is chosen by the Supreme Council, which is composed of the rulers of the seven emirates. The Abu Dhabi ruler, Shaikh Zayed Bin Sultan Al Nahyan,

has been president of the UAE since the country's foundation in 1971. In addition to the Supreme Council, the federal structure includes Council of Ministers, a Federal Judiciary, and the Federal National Council (FNC), a consultative body of 40 members representing the seven emirates. The FNC does not have the power to legislate, but it can summon ministers, and it performs an oversight function. There are no political parties or elections in the UAE.

A high degree of political and economic power resides in the individual emirates. Under the UAE constitution, each ruler retains control over natural resources, including oil, within his emirate, and regulates commercial activity. Because hydrocarbon reserves, and thus revenues, are not equally distributed, wealth, political and economic power, and the level of economic development are disproportionate among the seven emirates. Abu Dhabi, the nation's second largest commercial center and largest oil producer, is the wealthiest and most powerful emirate, followed by Dubai, the federation's commercial center and second largest oil producer. The other emirates, with little to no oil reserves, rely heavily on federal funds.

The terrain is mostly sandy desert, barren mountains, and salt flats. Before the exploitation of petroleum deposits, beginning in the 1960's, the UAE had a subsistence economy, which consisted of fishing, dates, livestock, small-scale trading, and pearling. Now, the UAE is a prosperous country of global economic significance. Nominal GDP in 1998 totaled 170 billion dirhams (about 46 billion US dollars). Per capita GDP in 1998 was roughly USD 16,700.

GDP has historically been highly dependent on oil prices and has therefore followed a roller coaster pattern over the past 20 years, soaring during the 1970's and declining precipitously during the 1980's. These swings in national income have caused the authorities to look for ways to diversify the economy, particularly in Dubai, where oil reserves are dwindling. These attempts at diversification have met with considerable success. Government spending of past, present, and future oil revenues, along with proceeds of overseas investments derived from oil revenues, remains the engine that powers the economy. Oil revenues provide approximately 70%-80% of fiscal revenue and account for roughly 30% of export earnings.

As a result of sustained low oil prices throughout 1998, UAE GDP in 1998 declined by 5.8%, according to Central Bank statistics. These figures demonstrate the success of UAE Government (UAEG) efforts to diversify the economy. In 1998, it was reported that the oil sector of the economy accounted for 22% of GDP, the lowest in the GCC. In 1998 oil revenues declined by a whopping 31%, from \$14.6 billion to \$10.1 billion. The non-oil sector of the economy compensated to a great extent for the drop in oil with non-oil sector GDP reportedly growing by 8.4% in 1998. While 1999 GDP data is not yet available, we estimate that GDP increased by approximately 10% in 1999 as a result of higher oil revenues.

The UAE, with the second largest economy in the Gulf Cooperation Council (GCC), is in better financial condition than its immediate neighbors. Generally, the government is not delaying payments to contractors or borrowing from foreign commercial banks to pay its debts to the

degree that most of its neighbors are. The UAE's 1999 budget expansion reflected both UAEG optimism for the future and the greater degree to which overseas investment income and economic diversification had enabled it to withstand oil shocks. In stark contrast to its GCC neighbors, which had scaled back 1998 government expenditure due to declining oil revenues and concerns over ballooning fiscal deficits, the UAE's 1999 federal budget called for an increase in expenditure of 7.1%.

The UAE maintains an extensive cradle-to-grave welfare system for UAE nationals, comprised of numerous subsidies, grants, loans, and free services. Most employed UAE nationals work for federal or emirate governments. The government also provides many subsidized services for foreigners, who constitute around 80% of the population and 93% of the labor force. While some efforts have been made to increase fees charged for some services, such as health, water, and electricity, the increases do not cover costs, and nationals still receive many services free of charge. In previous years, government officials have discussed privatization of government-owned industries and the establishment of a stock market. Federal government steps toward privatization have been tentative although the Emirate of Abu Dhabi's ongoing privatization of the power/water sector is an ambitious initiative. With the establishment of a stock exchange in Dubai, it is believed that a nationwide, regulated exchange will be in place by the end of 2000. The unemployment rate appears to be holding steady. Observers have noted that unemployment among UAE nationals may be an issue in the future, and Emiratization of the UAE economy remains a national objective.

Economic analysis in the UAE is difficult because of delays by the federal and emirate governments in publishing comprehensive and accurate statistics in a timely manner (for example, as of June 2000, the UAEG has not yet released comprehensive statistical data for 1999). Moreover, private sector institutions, including banks and foreign oil companies, are not allowed to disseminate statistics to the public. Information on oil and gas pricing, overseas investments, and government budgets is generally only available from external sources. Despite criticisms from the IMF concerning the lack of reliable data, no steps have been taken to remedy this problem.

## Principal Growth Sectors

### Agriculture

Principal Growth Sectors: Vegetable oils, beverage bases, breakfast cereals, poultry parts, fresh apples and pears, honey, frozen vegetables and snack foods.

### The Oil Sector

The UAE has nearly 98 billion barrels of proven oil reserves, or about 9.8% of total proven world oil reserves, and 5.8 trillion cubic meters of proven natural gas reserves, approximately 4.6% of

total world proven natural gas reserves. The UAE is thus the fourth largest gas reserve country in the world after Russia, Iran, and Qatar. The majority of the oil and gas reserves are located in the emirate of Abu Dhabi, which holds 94 and 92%, respectively. UAE oil production is 2.3 million barrels per day (mbd) as of July 2000. The UAE--and Abu Dhabi in particular--remains one of only a few states with significant excess production capacity. While Dubai produces at maximum capacity, Abu Dhabi is nearing completion of a 5.0 billion-dollar capacity expansion program that will take Abu Dhabi capacity to 2.6 mbd. Oil's share of GDP declined from 44.2% in 1990 to 21.7 in 1998. In 1998 the value of oil exports declined by 27.3%, the value of gas exports by 23.5% and the value of petroleum derivatives by 14%.

Nevertheless, there is considerable growth potential in this sector. In Abu Dhabi, the government is considering expanding capacity further. It may do so, depending on its assessment of future market trends. After years of consideration, the UAE decided to go ahead with two major downstream projects, petrochemicals and refinery expansion. The rationale for both of these projects is that Abu Dhabi needs to add value to its basic product in order to increase income from it.

There are two major refineries in the UAE, both located in Abu Dhabi and owned by the Abu Dhabi National Oil Company (ADNOC), with a combined capacity of about 215,000 barrels per day (b/d). ADNOC has decided to expand the larger of the two, located in the Ruwais Industrial area, by adding facilities to process an additional 130,000 b/d of condensate, a new crude oil unit to double distillation capacity to 270,000 b/d, expansion of residual oil conversion facilities, including a new 40,000 b/d hydrocracker and a 36,000 b/d visbreaker, and other upgrading work. In June 1996, ADNOC signed a joint venture deal with Borealis, a Norwegian-Finnish firm, to construct a 450,000 ton-per-year polyethylene plant near the existing natural gas liquid (NGL) fractionation plant in Ruwais. The plant will cost an estimated 800 million dollars and will be owned 60% by ADNOC and 40% by Borealis. The petrochemical plant will use as feedstock the ethane that the NGL plant produces as a by-product. The ethane is currently either flared or reinjected. The only existing petrochemical facility is a joint venture fertilizer plant that produces ammonia and urea. It is also located in Ruwais. The authorities have said that following the establishment of the first petrochemical plant, others will be built, with local private sector participation.

Abu Dhabi also is in the process of increasing income from its enormous gas reserves. Abu Dhabi is the largest producer and exporter of liquefied natural gas (LNG) in the country. In 1994 it doubled the capacity of its LNG plant on Das Island, run by the Abu Dhabi Gas Liquefaction Company, to five million tons per year. LNG is believed to account for about five percent of total UAE (not just Abu Dhabi) export earnings. In addition, the completion of the Onshore Gas Development (OGD) scheme will mean an additional 130,000 b/d of condensate production that does not count against an OPEC quota. Part of the refinery expansion project mentioned above will include facilities to process this condensate. In 1998 Abu Dhabi finalized a deal to supply 300 -800 million cubic feet per day of natural gas to Dubai. Dubai, with urgent gas needs,

continues to negotiate with other potential suppliers as well.

The UAE Offsets Group (UOG) has also begun to expand into the natural gas distribution business. Under the UOG's 'Dolphin' Project, Qatari offshore gas will be piped to Abu Dhabi, then onward to Dubai, Oman and (presumably) to South Asia. This extremely ambitious project is still in the planning stages, but the UOG has already signed Memoranda of Agreement of Principle with relevant entities. The UOG in March 2000 signed agreements with two companies--Enron (U.S.) AND Totalfina-Elf (FRANCE)-- designating them as Dolphin's strategic partners.

### The Non Oil Sector

Several factors have contributed to the growth of the non-oil sector in recent years, which experienced 8.4% growth in 1998. These have included government investments in electricity, water, and other infrastructure; development of financial services; and strong demand for re-exports. An open economic system, free movement of capital, and financial stability have also helped. Government support through provision of incentives and subsidies, along with the high level of government expenditure, has also played an important role.

As a portion of GDP, the largest contributors after oil (21.7% in 1998) were in descending order, wholesale and retail services (14%), manufacturing (11.9%), government services (11.6%), business (10.7%), and construction (9.6%).

### Government Role in the Economy

The UAE has a mixed economy, with the most productive assets owned by the governments of the individual emirates. Considerable scope is given to private enterprise; however, the legal regime favors UAE nationals over foreigners. In both Abu Dhabi and Dubai, international oil companies maintain equity interests in their operations.

UAE federal government steps toward privatization have been tentative. Abu Dhabi Emirate, however, has recently announced an ambitious initiative to begin privatization in the emirate's power and water sector. In April 1997 the Abu Dhabi government gave the go-ahead for power and desalination projects to be carried out as independent power projects (IPP), which would significantly widen investment opportunities for domestic and foreign investors. (See Chapter VII, Investment Climate)

Some banks are privately owned. They are amongst the few forums where stock is sold to the public. Only UAE nationals are permitted to own stock in UAE joint stock companies. Foreigners are permitted to own up to 49% of a limited liability company (LLC) partnership. UAE nationals must own the remaining 51%. Foreign companies can market their products in the UAE either through these LLCs or through 100% UAE national-owned distributorships.

Foreign contractors or service businesses require UAE national sponsors, one for each emirate in which they operate. Foreign ownership of land is presently extremely restricted.

The UAE federal government is attempting to establish a legal framework covering all aspects of doing business in the UAE. The most recent additions to this framework were the intellectual property rights protection laws, passed in 1992 but not enforced until 1994, and the commercial code, passed in 1993 and containing, for the first time in the UAE, provisions for bankruptcy.

There are no restrictions on the import or export of either the UAE dirham or foreign currencies, by foreigners or UAE nationals, with the exception of Israeli currency and the currencies of those countries subject to United Nations sanctions. Since 1981, the UAE dirham has been pegged to the US dollar at an exchange rate of 3.671 in an effort to stabilize the dirham and control inflation. Periodically there are calls to peg the dirham to a basket of currencies, including the EURO.

The government sector includes the accounts of the federal government as well as accounts of the seven individual emirate governments. Only the federal budget, a small part of the total, is published. In general, UAE fiscal deficits amount to a whopping 10%-12% of GDP. With reduced oil revenues in 1998, that figure ballooned to 17%. Outside observers and UAE government sources project continued fiscal deficits for the next several years, assuming current policies remain unchanged.

There is no income tax in the UAE. Foreign banks pay a 20% tax on their profits. Foreign oil companies with equity in concessions pay taxes and royalties on their proceeds. There are no consumption taxes. A 4% customs duty is imposed on almost all imports except tobacco products and alcoholic beverages. According to federal Law no. 2 of 1998, customs duties were increased from 50% to 70% on imported tobacco items, and will reach 100% on July 1, 2000. However, like other items imported for re-export, tobacco products imported for re-export purposes are tax exempt. The period given for the importer to re-export the items which are imported for re-export has been reduced from one year to six months. There is no minimum wage.

#### Balance of Payments Situation

In 1998, the UAE ran a current account surplus of 1.4 billion dollars. This represented 3% of GDP. Due to higher oil prices, however, the current account surplus is expected to be substantially higher in 1999.

Total exports in 1998 increased by 5.3%. In 1998 the United States provided 8.9% of UAE imports. U.S. exports to the UAE in 1999 increased by 14.5%, to \$2.71 billion, according to Commerce Department data. The UAE consistently ranks among the U.S' top 10 trading partners in terms of trade balance.



The UAE maintains a booming re-export trade. In 1998, 35% of all exports were re-exports. Traditional re-export markets are the GCC states and Iran, but Iran has sharply restricted imports in an attempt to come to grips with a deteriorating economy and mounting debts. UAE traders have therefore aggressively sought out new markets in such areas as Russia, the newly independent states (NIS) of central Asia, and South Africa.

A serious problem affecting compilation of the UAE's balance of payments statistics is that the government does not provide statistics for many transactions. The major gaps are workers' remittances, investment income, oil and gas export revenues, foreign direct investment transactions, and capital transactions.

### Infrastructure Situation

The UAE has a fairly well developed and modern infrastructure. Land transportation is by road. An asphalt highway network links all major cities. Authorities in Abu Dhabi and Dubai are busily engaged in widening existing roads and replacing worn stretches. There is no rail system in the UAE, nor any domestic air transportation network, despite the fact that all the emirates, with the exception of Ajman and Umm Al Quwain, have modern airports.

All emirates have modern seaports. The port of Jebel Ali in Dubai is the largest manmade port in the world. Goods are imported by sea and distributed by truck within the UAE and to nearby locations in neighboring GCC countries. As part of its drive to diversify its economy away from oil to regional trade, Dubai has developed free zones at the two main seaports and its international airport. At these sites it handles re-export cargo with considerable expertise and precision. Given that international shippers operating between Europe and the Far East prefer to make only one stop in the Gulf, Dubai has managed to secure the lion's share of the business of unloading, breaking down, and reloading cargo for onward shipment. Dubai's physical facilities and sheer expertise in this area make its ports the preferred stops for most shippers on these routes. Dubai aggressively seeks out new re-export markets, and although it still depends on its traditional re-export markets of Iran and the GCC, it has developed trade ties with the newly independent Central Asian states of the former Soviet Union and South Africa. Cargo unloaded at Dubai and ferried across the Gulf to Iranian ports is then brought to markets in central Asia via Iranian road and rail lines. Dubai's cargo village at its international airport handles more air cargo than any other airport in the region, much of it coming into Dubai by sea from the far east or the subcontinent and then going out by air to Europe.

Other ports in the region, including in the UAE, have noticed Dubai's success and are seeking a share of the re-export business for themselves. While they may never be able to match Dubai for volume, efficiency and expertise, Khor Fakkan and Fujairah, both in the UAE, possess something Dubai does not -- they are located on the Gulf of Oman outside the entrance to the Arabian Gulf. An international cargo ship can cut 24 hours off the sailing time from Europe to the Far East by

not joining the queue to pass through the busy straits; by-passing the Gulf also means lower insurance rates.

A number of new free zones are in the planning stages or are currently under construction. Dubai is moving forward with its plans to create an "Internet City", e-commerce free zone. In Abu Dhabi, there are plans for the Saadiyat Island Free Zone, an estimated USD 3 billion project, which may concentrate on commodity storage rather than manufacturing. Saadiyat is envisioned as a delivery and storage center for 67 basic commodities, including precious metal, gems, oil, grains, and ores. The free zone is planned to have, inter alia, extensive warehouse facilities, a stock exchange, a futures exchange, and an offshore banking unit. There are signs, however, that the vision of Saadiyat continues to evolve.

The UAE has well-developed water and electricity utilities but will soon run out of capacity to meet increasing demand. Overall, the growth in water demand is greater than for power. Both Abu Dhabi and Dubai expect to double electric power output between 1997 and 2010. The commercial value of the UAE's planned water and power projects is USD 8.425 billion. Expansion projects are currently underway, and the government is considering project alternatives.

The federal and emirate governments continue to construct facilities to generate electricity, using either gas (which the UAE has in abundance) turbines, with steam turbines added to make them combined cycle units, or steam turbines in conjunction with gas-fired boilers. In many plants, flash distillers are added to the turbine units to produce desalinated seawater using the waste heat from the turbines or boilers.

1996 UAE total installed electrical capacity was 7466mw. Abu Dhabi emirate had 45% of capacity, while Dubai's share was 26%. Abu Dhabi emirate is expected to double power output and population by 2010. Seasonal demand fluctuates greatly for power (demand is much higher in summer because of air conditioning needs), but is flatter for water. Current configurations of the power/diesel plants result in a problem balancing power and water production from summer to winter. Plans are underway to establish an electricity grid linking the seven emirates. After that is done, the UAE and Omani grids will be linked as a step toward a GCC-wide electricity grid.

Per capita electricity consumption in Abu Dhabi in 1996 was 13,433 kw, while per capita water consumption was 82,861 gallons (much used in desert agriculture), one of the highest worldwide. The UAE has the highest per capita consumption of desalinated water in the world. Ground water levels have dropped significantly as a result of over-consumption; wells have gone dry, and much remaining ground water has become unusable because of increased salinity from salt leeching into underground reservoirs. Per capita renewable water resources in the UAE. declined from 3000 cubic meters per year in 1960 to 189 in 1990. Desalination plants are believed to provide more than three-quarters of non-agricultural water in the UAE.

## CHAPTER III: POLITICAL ENVIRONMENT:

### Nature of Bilateral Relations with the United States:

Relations between the UAE and the United States are friendly and strong, based on a shared commitment to the security and stability of the Gulf region. The two countries have similar viewpoints on many international issues. The UAE has supported the Middle East Peace Process. It similarly supports demands for Iraqi compliance with UN Security Council resolutions, as well as NATO actions in the Balkans. It views with concern Iran's support for terrorism and efforts to acquire weapons of mass destruction. The UAE has joined the U.S. and other countries in providing assistance to the Palestinians and the Bosnian Federation. The UAE was one of the first countries to respond to the Kosovo refugee crisis, and has been one of the major contributors of aid to the refugees. The UAE has contributed over 1,200 troops to KFOR. The substantial trade between the U.S. and UAE, the large number of UAE students in American universities, and the sizable and growing American business community in the UAE contribute to increasingly close ties.

### Major Political Issues Affecting Business Climate

The UAE, especially the northern emirates of Dubai and Sharjah, has significant trade with Iran, despite an ongoing dispute with the Iranian government over three islands in the Gulf (Abu Musa and the Greater and Lesser Tunbs). The UAE, however, seeks to resolve this dispute by peaceful means. In 1994, the UAE joined the other GCC states in declaring an end to the secondary and tertiary aspects of the Arab boycott against Israel, and it is taking steps to implement this decision. Unlike some other Arab countries (e.g.: Oman and Qatar), however, the UAE has not established direct links with Israel.

### Political System

The UAE is a confederation of seven autonomous emirates, each headed by its own ruling family. The seven emirs (rulers) of the emirates collectively form the Supreme Federal Council, which is chaired by a President. Since independence from the UK and the foundation of the UAE in 1971, the President has been Sheikh Zayed bin Sultan Al Nahyan, the Ruler of Abu Dhabi. Each emirate has completely independent control over its own resources and maintains its own legal system, subject to ultimate review at the federal level. There are no elected government bodies in the UAE, but an advisory Federal National Council, whose 40 members are appointed by the seven emirs, openly discusses national issues. The UAE is a member of the GCC and the Arab League.

## CHAPTER IV: MARKETING U.S. PRODUCTS AND SERVICES

## A. Distribution and Sales Channels

U.S. exporters do business in the UAE by: selling directly to the end-user; selling through an informal, nonexclusive re-seller arrangement; selling through an agent/distributor; establishing a company presence through a joint venture; or authorizing a local firm to sell its products via licensing or franchising arrangements. Re-seller arrangements avoid the legal problems associated with UAE federal agency laws, and they are suitable for products where local promotion and after-sales service are not factors. While re-seller relationships are common because they offer low-risk arrangements, they are also a passive, reactive form of marketing with very limited growth and profit potential. Aggressive, proactive, and growth oriented marketing programs select alternative methods to penetrate the UAE market.

### Distribution and Sales Channels - Agriculture

There are numerous food importers, many of whom are also wholesalers, distributors, and retailers. Four to five companies dominate the retail food sector. Many fruit and vegetable importers also import eggs.

Dubai is a major transshipment center for a variety of food products. It is estimated that about 60% of total UAE food imports are re-exported to other destinations, primarily other Gulf countries, India, Africa and, increasingly, the NIS.

## B. Use of Agents/Distributors: Finding a Partner

A foreign company can market its products within the country by appointment of a commercial agent subject to the provisions of the Commercial Agency Law No. 18 of 1981.

UAE law does not distinguish between an agent and distributor, referring to both as commercial agents. All agents must be registered with the Ministry of Economy and Commerce. Selection of the right agent is probably the most important decision that the exporter can make. Agents may not be terminated, except with sufficient cause as determined by a government committee that has usually ruled in favor of the local agent. In most cases, compensation to a terminated agent is required even if the committee rules for the foreign firm. Only UAE nationals or companies wholly owned by UAE nationals can register with the Ministry of Economy and Commerce as local agents.

The terms and conditions of agency contracts vary greatly. Commissions and other forms of compensation typically depend on the amount of work required of the agent, and sales volume. The agent's responsibilities and performance measures should be clearly defined. Agents may be appointed on a project basis, with the relationship restricted to that project and terminated automatically upon reward or completion.

Establishing the geographic territory of an agent is critical. UAE law automatically awards

exclusivity to the agent in the geographic area covered by the agreement. An agent must have a presence and be licensed to operate in each emirate where he does business. There is no blanket license for the whole of the UAE. Consequently, U.S. exporters seeking UAE-wide coverage must appoint a separate agent for each emirate or appoint a master agent with offices or sub-agents in each emirate. Virtually all of the most successful trading houses fall into the later category.

### C. Franchising

The UAE market is poised for considerable growth during the next five years. Currently, franchises are operating in fast foods; dine-in restaurants and clubs; auto leasing; apparel; soft drink bottling; beauty products; hotels; toys; photography; jewelry; vending machines; dry cleaning; furniture; hardware; office supplies; natural health products; publications; and sporting goods. The largest segment is the fast food franchise group, which is highly sought after by local companies. Most of the major U.S. fast food companies are already established in the market. However, the industry is currently going through a restructuring with several major franchises being sold to new owners. These changes are seen as a positive change from weaker to stronger management, and not a reflection of weakness in the market. There remains considerable potential for franchises of all kinds.

There is no special legislation for franchises in the UAE. General contract and commercial laws apply to franchise agreements. UAE law mandates that only UAE citizens or corporations wholly owned by UAE citizens are allowed to conduct retail operations, the most common type of franchise. U.S. businesses must work through a local partner as licensee, or enter into a joint venture. Franchisees usually prefer to own 100% of the franchise themselves. In other cases, the franchisee enters into a joint venture with the franchiser to operate all outlets as "company owned" stores employing local managers.

As with other types of business operations in the UAE, the selection of the local partner is critical. One common practice used by franchisers that, in many cases, has caused considerable problems and significant lost sales is the selection of a master distributor to cover the entire Gulf through the use of sub-distributors in each country. Each market is different and requires qualified local partners to exploit its opportunities. Master distributors, when operating outside their primary market, even with a local agent, often do not service these secondary markets sufficiently, and lack the local influence to solve problems that may arise. In the UAE, an additional concern must be the ability of franchisees to conduct business in each separate emirate. U.S. franchisers are strongly urged to consider the above factors before appointment of any franchisee.

### D. Direct Marketing

Other than for large orders, usually related to private or public project procurement or large

businesses for their own use, the direct sale to the end-user approach is suitable only for infrequent, low volume exports. For most exporters seeking a high volume, fast turnover sales network, a more aggressive campaign executed through local distributors has been the best marketing strategy.

#### E. Joint Ventures/Licensing

There are distinct advantages in maintaining a local presence in the UAE. Local businessmen and government officials prefer to deal with someone they know and trust. Personal relationships are much more important to doing business in the Middle East than they are in the United States. In addition, local firms are closer to the local and regional market, customers, contacts, and other elements affecting business.

In general, UAE law requires all companies to be licensed and at least 51% owned by UAE nationals. There are exceptions to this rule. The most relevant for U.S. firms are for firms operating within free zones, professional or artisan companies, and branch or representative offices. Each of these exemptions allows 100% foreign ownership, but with restrictions on the allowable scope of business activities.

While joint ventures with foreign firms require local majority ownership, profit and loss distribution can be prescribed. There is no need to license the joint venture or publish the terms of agreement. The foreign partner deals with third parties under the name of the local venture.

Banks, insurance, and financial companies must be run as public share holding companies. This requires a minimum capitalization of Dhs. 10 million (US \$2.725 million), the chairman and majority of directors being UAE nationals, and a more restrictive distribution of profit than allowable under a joint venture. However, foreign banks, insurance and financial companies can establish a presence in the UAE by operating a branch or representative office. This option allows 100% foreign ownership, but, in general, limits business activities to offshore operations.

Licensing of manufacturing processes is a growing market, especially with the UAE's desire to increase the quality and diversity of local production. However, the total market for industrial licenses remains relatively small due to the limited amount of manufacturing done in the UAE.

The majority of licensing is done for the fabricating and/or marketing of trademarked items. Licensees of U.S. sports logos, universities, animated characters, etc., are servicing a very active market with one of the world's highest disposable incomes. Licenses to sell U.S. brand products (an authorized dealer), as distinct from a standard distribution arrangement, or U.S. logos/names/characters on a non-U.S. product, are becoming very sought after, especially in the apparel market. Licensing is often the best way to rapidly and effectively meet the current demand, especially among young consumers, for American styles.

## F. Steps to Establishing an Office

In the UAE, the individual emirates, as well as the federal government, regulate economic activity. The exact requirements for a U.S. firm setting up an office will depend mostly on the nature of the business the firm is engaged in, its level of involvement in the UAE, and the emirate where it locates. This last item is usually the least important, in terms of procedure, because the laws are very similar among emirates.

First, firms will need a local sponsor, both for the firm and for its resident employees. A sponsor must be a UAE citizen, or institution, such as a free zone. The sponsor can be involved in the business, or simply a service sponsor providing, for a fee, legally required administrative functions.

Second, firms are required to be licensed by the emirate of domicile before beginning business activities. In general, individual emirates will issue: Trade Licenses covering all kinds of trading activity; Professional Licenses covering professions and services; Industrial Licenses for industrial and manufacturing activities; and Vocational Licenses for craftsmen and artisans. Licenses for some categories of business require approval from certain federal ministries and other authorities: for example, banks and financial institutions from the Central Bank of the UAE; insurance companies and related agencies from the Ministry of Economy and Commerce; manufacturing from the Ministry of Finance and Industry; and pharmaceutical and medical products from the Ministry of Health. More detailed procedures apply to businesses engaged in oil and gas production and related industries.

In addition to the required licenses, all firms must be registered with the chamber of commerce in each of the emirates where the business is licensed to operate. In the UAE, chambers are part of the government and membership is mandatory.

Firms must decide on the purpose of the office it wishes to establish, as this will determine ownership requirements. For firms conducting regional marketing or administrative functions, a representational office, allowing 100% ownership, may be best. For firms conducting offshore services, a branch office, also allowing 100% ownership, is suggested. Establishing an office in any of the free trade zones available in the UAE, regardless of activity, allows 100% ownership. While the above options allow maximum ownership, they restrict activities allowed in the UAE market itself.

The foreign company which opens an (representative, branch, regional) office in the UAE may conduct promotional activities for the products and services provided by the parent company, and facilitate contacts between the company and its UAE clients. However, the office is not licensed to conduct business operations or marketing directly in whatever manner, such as obtaining credit facilities, submitting offers and participating in local government tenders, within the country. The following documents are required to establish a branch office in the UAE:

1. Articles of association of the company.
  2. Certificate of incorporation.
  3. A resolution of the board of directors of the company to a) set up the office and practice activities in the UAE, b) power of attorney authorizing the representative to establish an office and submit the required applications to the local government authorities.
  4. The last two audited balance sheets of the foreign company together with the auditor's report, or any other documents which proves the sound financial position of the company.
  5. A copy of the national agent/sponsor agreement duly authenticated.
  6. Photocopies of the passport of the national agent/sponsor.
  7. A valid lease agreement of the company's office premises.
- All the above mentioned documents should be notarized and authenticated by the concerned governmental authorities.

If U.S. firms wish to establish an office to directly conduct business in this market, UAE law requires a joint venture with UAE nationals owning a minimum of 51% of the venture. Current exceptions to this rule include professional or artisan companies where 100% foreign ownership is permitted.

#### G. Selling Factors/Techniques

The commercial tradition of the UAE is that of the middleman or trader acting as a conduit for goods from large manufacturers to South Asia, the Gulf, and East Africa. Today, with Dubai as the hub, the UAE services those markets and North Africa, South Africa, West Africa, Central Africa, the rest of the Middle East, and the newly independent states of Central Asia. International trade customs (predating letters of credit and international bank financing) traditionally required merchants trusting business associates from other tribes and ethnic groups with items of value over an extended period of time and distance, fostering a business style that put a very high premium on personal relationships and perceptions of integrity. Thus, price and personal relationships are the key determinants in the UAE market.

Traditional approaches to business are beginning to change. One of these changes is a more sophisticated understanding of long-term value, as opposed to initial purchase price. There is a growing emphasis on quality, after-sales service, and maintenance requirements and costs. As traditional family businesses get larger and more complex, there is a layering effect that separates the top echelon from all but the most important business decisions. The many expatriate managers of these firms are not part of this traditional business world and bring with them more modern concepts of management.

This new trend of the impersonal businessman/consumer has changed some of the business style, but does not yet represent the dominant practice. Personal relationships, particularly when UAE



nationals are involved, still predominate. Since these relationships take time to nurture, U.S. firms are advised to invest time in the market with, preferably, a local presence, or at least very frequent trips. This is not an activity that can be done long-distance. Face-to-face contact is essential. In addition, U.S. firms should seek a local sponsor, agent, or partner with sufficient access and influence in those circles most important to that particular business.

In addition to personal relationships, price remains most often the dominant buying factor. For U.S. firms selling to traders, which is the dominant business type in the UAE, there is no substitute for price. Government procurement also places heavy emphasis on selection of the low bidder, as long as the lowest price bidder is compliant with all technical specifications.

Even though the UAE is relatively less conservative than some other states, and English is widely spoken, sensitivity to local traditions and Islamic beliefs is essential; the use of Arabic in packaging and advertising is both desirable and effective in the marketing of consumer goods.

#### H. Advertising and Trade Promotion

The UAE, and in particular Dubai, serves as the commercial center for the region. From late September through May, with the exception of the holy month of Ramadan, the UAE hosts an almost continuous and growing series of well attended major trade exhibitions and conferences. U.S. firms new to this region are advised to consider participation in one of these shows as an excellent method of market evaluation and initial penetration.

Advertising plays a significant role in sales promotion. The language of business is English. Only about 30% of the population are native Arabic speakers from the UAE or other Arab states. The balance of the population is a mixture of South and East Asians, Iranians, and European/North Americans. However, Arabic is the official language and is required for all governmental documentation. In addition, dual English/Arabic usage is common on signage and for many publications. English-only promotional literature is acceptable, but those that are in both English and Arabic have a decided edge as Arabic speakers in key decision making positions appreciate the extra effort and sensitivity to their culture that bilingual publications imply. Arabic labeling for consumer products, especially foodstuffs, is an important advantage in competitive marketing.

There are four major English language daily newspapers and several weekly and monthly English language magazines that are effective consumer market vehicles. There are also Arabic and third country language publications available. Radio and television broadcasts are primarily in English, Arabic, Hindi and Urdu. The UAE and other Gulf States are Islamic nations and have a different perspective on certain issues than non-Islamic states. U.S. firms are strongly urged to consider cultural sensitivities in any promotional activity.

It is important to stress quality since U.S. foods tend to be higher priced than products from other

origins. Gulf consumers recognize the high quality of U.S. food products and are willing to pay a premium for such products.

#### List of Newspapers:

##### English Newspapers

###### Gulf News

P.O. Box 6519, Dubai, UAE

Tel. 971-4-3447100, Fax. 971-4-3441627

Contact Mr. Francis Matthew, Chief Editor

###### Khaleej Times

P.O. Box 11243, Dubai, UAE

Tel. 971-4-3382400, Fax. 971-4-3382238

Contact: Mr. Nihal Singh, Chief Editor

###### The Gulf Today

P.O. Box 30, Sharjah, UAE

Tel. 971-6-5551390, Fax. 971-6-5597677

Contact: Mr. Dilip Vavek Anad, Chief Editor

##### Arabic Newspapers

###### Al Khaleej

P.O. Box 30, Sharjah, UAE

Tel. 971-6-5598777, Fax. 971-6-55998547

Contact: Mr. Ghassan Tahboub, Managing Editor

###### Al Bayan

P.O. Box 2710, Dubai, UAE

Tel. 971-4-3444400, Fax. 971-4-3445257

Contact: Mr. Khaled Mohammed, Editor

###### Al Ittihad

P.O. Box 791, Abu Dhabi, UAE

Tel. 971-2-4455555, Fax. 971-2-4451653

Contact: Mr. Ali Al Abureash, Managing Editor

###### Al Fajer

P.O. Box 505, Abu Dhabi, UAE

Tel. 971-2-4488300, Fax. 971-2-4484326

Contact: Mr. Obeid Al Mazroui, Chief Editor

## I. Pricing Products

For consumer goods, price is the primary buying factor for the middle and lower classes. These market segments are served through small stores and shops in traditional souks, or markets. Retailers in this category operate under razor-thin margins--1% or 2% is common--and rely on volume. Since the population of the UAE is small, approaching 3.0 million, the volume is supplemented by the more than one million business and tourist visitors that come to the UAE each year. At the other end of the scale is the large number of UAE nationals, expatriate residents, and visitors that have considerable purchasing power. For this group, price is not a primary buying factor and retail margins are exceptionally high. This segment is serviced through specialty shops. U.S. exporters must be ready to use pricing aggressively to encourage market acceptance of their products main features.

The average importer markup on food products is about 10-15%. Retail food prices are generally 20-25% above import/wholesale prices.

## J. Sales Service/Customer Support

The commercial and industrial markets are also very competitive. For these markets price is also a key purchase factor, but quality, durability, and after-sales service are increasingly becoming dominant determinants for purchases by government and business. The increasing emphasis on after-sales service favors those products backed by local distributors with adequate part stocks and routine maintenance capabilities. The training of qualified maintenance and repair personnel is a critical marketing factor when catering to the more sophisticated end of the market.

## K. Selling to the Government

Government buyers are either federal or emirate governments. Federal purchases are administered through the respective agency in Abu Dhabi or Dubai. The relevant local authority arranges purchases by the emirates, often with the assistance of a federal agency. For most civilian purchases, government entities will usually deal only with firms registered in the UAE, or the particular emirate, and will favor local products over imports. Only when a good or service of acceptable quality is not available locally will the procurement authority seek outside sources. It is common for bids not to go out on a public tender, but are sent to select firms that were prequalified with the organization in question.

For all types of government procurement and projects, U.S. firms are encouraged to seek a presence in the UAE and get their goods/services prequalified to bid. Competition in the public sector is very strong. Besides some very large military procurement projects, governments in the

UAE are investing heavily in infrastructure projects such as roads, power generation and distribution systems, desalination facilities, sewage systems, public housing, recreational facilities, hospitals and other medical facilities and services, schools, athletic facilities, refineries and other hydrocarbon facilities, airports, government buildings, and many other areas. U.S. goods and services enjoy an outstanding reputation for quality, but, with the exception of hydrocarbon-related industries, are under-represented in this market.

#### L. Protecting Your Product from Copyright Infringement

The UAE was a major center for the production, sale, and export of pirated and counterfeit products. However, during the last five years the UAE government has passed new Intellectual Property Rights (IPR) laws and stepped up enforcement actions aimed at reducing or eliminating such practices, and bringing its IPR regime up to international standards. In April 200 the UAE was removed from USTR's Special 301 IPR Watch List.

#### M. Need for a Local Attorney

The size, complexity, and nature of the business to be conducted will obviously affect the need for a local attorney. However, there are some general points that firms should consider before doing any type of business in the UAE. First, the legal system of the UAE is very different from that of the U.S. Prior to the modern era, business was conducted according to the dictates of religious law (Sharia) and traditional custom. Codified law based on modern norms is new and still evolving, as are practices based on the law, such as court and other legal procedures. Second, where laws appear to govern certain practices according to commonly accepted principles, terms and definitions are often at variance with usual interpretations. What the law says is one thing, what the law means is another thing. Third, the requirements of licensing, registration, sponsorship, immigration, and labor laws, as well as the difficulty of termination of agency agreements, partnership requirements, and preferences given to locals in dispute resolution, amongst other differences with the U.S. system, argue strongly for U.S. firms to consult local legal counsel. There are many law firms with experience in dealing with U.S. clients, and some U.S. attorneys experienced in the local market.

### CHAPTER V: LEADING SECTORS FOR U.S. EXPORTS AND INVESTMENT

#### NON AGRICULTURAL:

##### BEST PROSPECTS: RANK OF SECTOR

Rank

##### ENVIRONMENTAL AND POLLUTION CONTROL

1

FOOD PROCESSING/PACKAGING MACHINERY	2
MEDICAL EQUIPMENT	3
TELECOMMUNICATIONS	4
HEALTHCARE SERVICES	5
POWER AND WATER	6
DEFENSE INDUSTRY EQUIPMENT	7
OIL AND GAS FIELD MACHINERY AND SERVICES	8
COMPUTERS/PERIPHERALS	9
SPORTING GOODS/RECREATION	10
AIR CONDITIONING AND REFRIGERATION	11
FRANCHISING	12

Part 1. Title Line: Best Prospects - UAE

Rank of Sector: 1

Name of Sector: Environmental & Pollution Control

ITA Industry Code: POL

Part 2. Narrative:

The Federal National Council approved the United Arab Emirates Federal Environment law in late 1999. The new law will come into effect within one year. The UAE Federal Environmental Agency (FEA), established six years ago, is responsible for maintaining an acceptable level of environmental protection in the country. The FEA is working on a number of projects to preserve the UAE's environment. These projects include establishing a National Environmental Strategy and Work Plan, and a new Marine Emergency Aid Center to deal with future marine pollution accidents.

Industry sources are confident that demand for pollution control equipment will grow as a result of enforcing the new federal environmental law. The principal areas of pollution of most concern in the UAE are the inadequate handling and recycling of solid waste, treatment of hazardous and medical waste, and air pollution.

All pollution control equipment demand is met through imports. U.S. market share is expected to increase during the next three years. U.S. manufacturers and exporters enjoy an excellent reputation for product technology, quality and durability. There are no significant trade barriers to the importation and sale of pollution control equipment in the UAE. Custom duties are 4%.

The most promising subsectors within this sector, with the estimated 2000 total market size of each in millions of U.S. dollars:

O Solid Waste Management Equipment	48
O Water purification equipment	19
O Air pollution/measuring equipment	12

	1998	1999	2000
A: Total Market Size	62	70	82
B: Total Local Production	0	0	0
C: Total Exports*	2	3	5
D: Total Imports	64	73	87
E: Imports From U.S.A.	18	23	28

Exchange Rate: USD 1 = Dhs. 3.673

The above statistics are unofficial estimates in millions of U.S. dollars.

\*NOTE: Re-exports indicated where total imports exceed market size.

Part 1. Title Line: Best Prospects - UAE

Rank of Sector: 2

Name of Sector: Food Processing/Packaging Machinery

ITA Industry Code: FPP

Part 2. Narrative:

The food processing industry started to develop in the early 1980's in the UAE. The government provided various incentives to the local farmers in an effort to reduce dependence on food imports and develop the industry. However, due to harsh climatic conditions, fresh produce is limited and most of the food processing industry is concentrated on reconstituting and packaging imported food ingredients.

The UAE is dependent on imports for over 80% of its processed food requirements. Today, there are over 150 food processing plants in the UAE. Major food processing plants include vegetable oils, soft drinks, juices, dairy products, snack foods, pasta, and seafood. Major international soft drink brands such as Pepsi-Cola and Coca-Cola are produced in the UAE under license.

There are no significant trade barriers to the importation and sale of food processing and packaging machinery in the UAE. Custom duties are 4%.

The most promising subsectors within this sector, with the estimated 2000 total market size of each in millions of U.S. dollars:

o Edible oil Machinery	10
o Confectionery Machinery	9
o Bakery Machinery & Parts	5

	1998	1999	2000
A: Total Market Size	32	34	37
B: Total Local Production	2	3	5
C: Total Exports*	4	5	6
D: Total Imports	34	36	38
E: Imports From U.S.A.	2	2.5	3

Exchange Rate: USD 1 = Dhs. 3.673

The above statistics are unofficial estimates in millions of U.S. dollars.

\*NOTE: Re-exports indicated where total imports exceed market size.

Part 1. Title Line: Best Prospects-UAE

Rank of Sector: 3

Name of Sector: Medical Equipment

Three-letter ITA Industry sector code: MED

Part 2. Narrative:

The healthcare system in the UAE is comprised of 51 hospitals with 6,835 beds. Twenty-eight, with a total of 4,445 beds, are run by the Ministry of Health; four, with 1,528 beds, are managed by Dubai's Department of Health & Public Services. In the private sector, there are 19 private hospitals with 862 beds. The major purchasers of medical equipment and suppliers are divided among the above.

Care for the elderly will become increasingly important as population demographics shift and elderly persons comprise an increasingly greater percentage of the UAE population. The onset of middle-aged-related diseases such as diabetes mellitus and cardiovascular diseases will also be significant. Greater private sector participation is becoming more necessary to cope with the growing demands on the healthcare system.

The Ministry of Health is planning to add 18 new hospitals with 3,816 beds by 2005, at an estimated cost of more than AED 1,500 million (\$408.6 million), notching up the number of beds per 1,000 people to 2.7 from 2.6. Projects in the pipeline include the 880-bed Al Ain Hospital, a 484-bed pediatric hospital in Abu Dhabi, and a 350-bed hospital for women and children at the Tawam campus in Al Ain. Several private investors are also planning the construction of multi-specialty hospitals, with an emphasis on heart disease, cancer, and rehabilitation.

Part 3. Data Table:

(US \$ Millions)

	1998	1999	2000
Total Market Size	98	118	142
Total Imports	98	118	142
Local Production	-	-	-
Total re-exports	15	-	-
Total Imports from U.S	16	19	23

Exchange Rate: US\$1=3.673 Dirhams

\*Note that the above statistics are unofficial estimates. UAE foreign trade statistics have not been updated since 1998 for Abu Dhabi, and 1997 for Dubai. Above statistics are based on Abu Dhabi and Dubai. Although these two emirates account for the vast majority of UAE trade, they are not entirely conclusive.



Part 1. Title Line: Best Prospects-UAE  
 Rank of sector: 4  
 Name of sector: Telecommunications  
 Three-letter ITA Industry sector code: TEL

Part 2. Narrative:

Telecommunications is a booming sector in the UAE, developing at a rapid pace and gaining increased momentum and attention. The Emirates Telecommunications Corporation (ETISALAT), the sole telecom provider, is 60% state owned and has a monopoly over the market.

Mobile phone usage in the UAE is the highest in the Middle East, mainly due to low subscription fees. The mobile telecommunications sector is growing four times as fast as the fixed line sector. The number of subscribers to GSM surged from 43,000 in 1992 to 478,100 in 1998, representing 17.2 mobile phones for every 100 persons in the UAE. GSM network capacity has expanded to 1.04 million lines, and telephone lines have increased from 0.3 lines for every 100 persons in 1972 to 50.7 lines for every 100 persons in 1998. In 1998 there were 850,000 landlines and 470,000 mobile phones; net profits and revenues grew by 8% and 23%, respectively.

As for the number of Internet users in the UAE, the UAE has logged one of the fastest growth rates in the world. In 1995, 1996, and 1997 respectively, the numbers were 2,503, 9,940, and 28,000. In 1998 the number shot up to 73,000 and in 1999 to over 200,000. Growth in Internet usage is expected to continue escalating rapidly. According to projections, 64% of the population in the UAE is expected to access the Internet by 2002. This is largely influenced by the fact that ETISALAT offers the cheapest Internet access in the Arab world. Recently ETISALAT announced major slashes in Internet dial-up rates, and now offers rates similar to those in the U.S. It reduced its Internet dial-up access rates twice within a period of six months, with a total reduction of around 70%. Average Internet usage per month per user totaled 24 hours. To keep pace with this growth in usage, Etisalat is building more first class Internet data centers for Web and ASP Hosting, as well as WAP based applications. They are planning to build high speed Internet backbone infrastructure and to invest in global network facilities (PoPs, high capacity fiber optic links to the U.S). Access services will include cable TV by the first quarter of 2001 and WAP/GPRS (Wireless Application Radio Service/General Package Radio Service) services in the year 2001.

Etisalat will expand its Internet services to the manufacturing, oil and gas, education and other key sectors in the Emirates, after having encouraged the local banking industry to go online. It has announced that it will urge other industries to go on-line for operations as part of its overall strategy to promote e-commerce in the country.

The Thuraya Satellite Telecommunications Company, in which Etisalat holds a major stake, aims to offer global satellite telecom services to countries in its coverage area and is increasingly becoming one of the most viable options for mobile satellite telephony. It is currently building a regional mobile satellite network.

This year ETISALAT began a new venture in e-commerce services, launching a business unit named Comtrust. Comtrust will provide e-commerce solutions to UAE business through the establishment of the core infrastructure in the country: business-to-business, business-to-consumers, business-to-government, and consumer-to-government solutions. The company's services are linked to a high speed, 155 MBPS backbone offering the highest bandwidth available in the Middle East.

In addition to witnessing the launching of ETISALAT's Comtrust venture, this year has also seen the announcement of another landmark, the Dubai Internet City (DIC), hailed as the world's first free trade zone for e-business. It is to be an information hub for the region and incorporates incentives such as 50-year renewable leases, 100-year foreign ownership and blanket exemption from taxes. Furthermore, Internet service providers will be granted permission to operate in the zone, a move that will effectively remove the current monopoly status currently held by ETISALAT over the local market. Stage one of the project is due by the end of 2000, and the total project cost is \$200 million. The entire value chain in the Internet-related industry is expected to be present at the DIC, from venture capitalists and internet strategy/implementation organizations to e-business, software and multi-media developers to telecom and networking companies and customer relationship management (CRM) call centers. The DIC will seek to establish Dubai emirate as the call center and CRM capital of the Middle East. Cupola TeleServices, which has a 60-seater call center in Jebel Ali, plans to set up a call center there. U.S firms are encouraged to play a major role in this venture, as there are significant opportunities for involvement.

Motorola announced an AED 59 million (\$16 million) contract with Etisalat for further expansion of the global system for mobiles (GSM) network. In addition, Motorola NSS will provide Etisalat with a GSM rapid deployment vehicle--effectively a complete mobile capacity and coverage solution that will enable targeted coverage --almost immediately where extensive network traffic is anticipated.

Netscape Communications Corporation also recently opened a regional office for the Middle East in Abu Dhabi to meet local and regional distribution and customer support needs.

Note: Government laws call for pre-registration and pre-qualification. Strong competition comes from local, European and Japanese firms.

Part 3. Data Table:

(U.S \$ Million)

	1997	1998	1999	2000
Total Market Size	-	507	801	961
Total Local Production	-	-	-	-
Total imports	321	507	801	961
Total Re-exports	-	30	48	-
Total imports from U.S	20	51	32	61

Exchange Rate: US\$1=3.673 Dirhams

\*Note that the above statistics are unofficial estimates. UAE foreign trade statistics have not been updated since 1998 for Abu Dhabi, and 1997 for Dubai. Above statistics are based on Abu Dhabi and Dubai. Although these two emirates account for the vast majority of UAE trade, they are not entirely conclusive.

Part 1. Title Line: Best Prospects-UAE

Rank of Sector: 5

Name of Sector: Healthcare Services

Three-letter ITA Industry sector code: HCS

Part 2. Narrative:

The healthcare services industry is undergoing a period of transformation, in which the government is instituting fundamental changes through its various initiatives.

There is currently a joint effort between the Abu Dhabi Ministry of Health and the UAE Offsets Group (UOG). They have announced several initiatives to improve healthcare delivery efforts through the privatization of healthcare management, healthcare investments and healthcare consultancy services. The first step in the process is the launch of the Emirates Health Care Company, which is to provide capital investment, healthcare management, and consultancy services. Several projects are planned under this umbrella company, of which one--Associates for Advance Care, which is engaged in recruiting and staffing--has already been launched. Healthcare insurance coverage will be studied as part of the support activities offered by the healthcare division of the UAE Offsets Group. The UOG healthcare division's goal is to establish profitable, sustainable, high quality healthcare facilities serving as benchmarks for the healthcare sector in the UAE. This initiative will foreseeably achieve savings on international referral expenses by providing first class in-country facilities, while establishing Abu Dhabi as a regional center for medical excellence.

The UAE's healthcare budget for the year 2000 reached AED 1.56 billion (US \$425 million), an

increase of AED 121 million (US \$33 million) over the previous year. The increased allocation is designed to improve government medical services in some 31 hospitals and 112 health centers.

The Ministry of Health has also prepared a pilot plan to increase the capacity of government hospitals to 8,700 beds during the next 20 years to keep pace with expected increases in the UAE population. The plan is to be implemented gradually through the year 2010, guaranteeing a hospital bed for each 300 inhabitants.

The Dubai Department of Health and Medical Services is spending Dh 238.5 million to modernize and expand five of its public healthcare facilities. New buildings will replace the current Al Maktoum Health Center, Satwa Health Center, Hatta Health Center, Jebel Ali Health Center, and the Rashid Hospital's Trauma Center. Construction is scheduled to begin in the first quarter of 2001 and the new facilities are expected to take three years to complete.

In pursuit of UAE military hospitals' aim to be the best healthcare system in the entire Gulf region, the UAE General Headquarters Armed Forces (GHQ) signed a \$2.8 billion contract with U.S./UAE joint venture Emirates Palomar Medical Technology Services to expand and upgrade the Sheikh Zayed Military Hospital in Abu Dhabi. The joint venture is between a local group and North Carolina-based Eagle Technology, extending over 14 years and entailing operation, maintenance, management, and upgrade of the facility. This includes the training, qualification, and skill upgrading of the UAE healthcare providers. Key members of the Emirates Palomar Medical Technology Services team are recruited from world class institutions such as the Johns Hopkins Hospital, Massachusetts General Hospital, and the Carolina Health Care System. A proposed medical fellowship program will enable UAE doctors and medical specialists to learn the latest medical techniques and practices by working alongside their American counterparts. Export opportunities for U.S. suppliers and manufacturers of medical products and equipment abound.

The Khalifa Medical Center, a new 325-bed hospital managed by Inter Health Canada, was opened in Abu Dhabi this year, specifically to treat UAE nationals. A telemedicine service, linking the local Al Mafraq Hospital to the Mayo Clinic in Minnesota, has also been inaugurated.

Finally, the Ministry of Health is considering compulsory, comprehensive medical insurance, which will be a prerequisite for obtaining a residence visa. Over the last year, there has been some progress towards the introduction of compulsory medical insurance for all in the UAE's healthcare sector, but there are still some outstanding issues to be resolved. Implementing this policy would effectively reduce the government's role in offering subsidized healthcare, as well as abolish the current health card system.

### Part 3. Data Table

(U.S \$ Millions)

	1998	1999	2000
Total Market Size	268	308	354
Total Imports	300	360	432
Local Production	20	22	24
Total re-export	12	12.6	13
Total Imports from U.S	90	105	123

Exchange Rate: US\$1=3.673 Dirhams

\*Note that the above statistics are unofficial estimates. UAE foreign trade statistics have not been updated since 1998 for Abu Dhabi, and 1997 for Dubai. Above statistics are based on Abu Dhabi and Dubai. Although these two emirates account for the vast majority of UAE trade, they are not entirely conclusive.

Part 1. Title Line: Best Prospects- UAE

Rank of sector: 6

Name of sector: Power and Water

Three-letter ITA Industry sector code: PTE/WRE

Part 2. Narrative:

The privatization of the water sector goes hand in hand with that of the power sector as power and water generation in the UAE are co-located. Electricity consumption in the UAE has grown from 5.5 billion kilowatt-hours in 1980 to 19 billion kWh in 1998, making the power sector one of the fastest growing industries in the country. The country's power supply is forecasted to sustain its 10 per cent annual growth this year from the current capacity of 7,600MW. The UAE has spent \$2 billion for the development of power and water desalination sector over the past two years, and an estimated \$3.5 billion in the next 2-4 years, with several projects in the pipeline.

The Federal Electricity & Water Authority (FEWA), a new body which will take over the responsibilities of the ministry, is in the final stages of formation. The body will look after the utility sector in the northern emirates (Ajman, Fujairah, Ras Al Khaimah, Umm Al Quwain). Dubai Electricity and Water Authority (DEWA) approved a budget of Dhs. 3.7 billion for the current fiscal year. Sharjah Electricity and Water Authority (SEWA) announced a budget of Dhs. 1.3 billion for 2000, half of which is allocated to finance new projects and the other half for current expenditure, operations and expenses. SEWA has 10 new projects for development in the current year.

In early 2000, Abu Dhabi Water & Electricity Authority (ADWEA) appointed UK's Mott MacDonald as the project manager for a power supply upgrade of several of the utility's sites across the emirate, including some islands. The project involves: upgrade of 11-KV and low voltage systems; provision of new standby generators of capacity 1.5-3.75 MVA; and installation of a remote monitoring system for monitoring and data collection of loads and switch gear configurations.

ADWEA is expected to appoint a contractor in the second quarter of 2000 for a turnkey contract involving the supply and installation of 10 million gallons a day (GPD) of new desalination capacity in the emirate. Five international companies submitted bids in February 2000 for the contract, which calls for new multi-effect distillation units to be installed in Sila, Jebel Dhanna and Delma Island. Mott MacDonald is the consultant for the project. ADWEA is planning to install further units at Umm al-Nar and Taweelah B as well.

Three international developers submitted detailed proposals during late January 2000 for the independent power project (IPP) in Dubai Investments Park. The short-listed companies are Tractebel, ESB International and AES Corporation. The plant, likely to be gas fired, will initially have a capacity of about 120MW and will serve industrial users in the park.

Gas is heavily used for electrical generation in the UAE due to its availability and low price. Gas turbines and gas-operated steam turbines are widely used in power generation plants. In 1998, the Abu Dhabi government launched its power privatization model, which is expected to reduce government capital expenditures incurred for expansion and maintenance of power projects, as well as federal subsidies. In Abu Dhabi, the cost of generating one kilowatt hour is 7 cents, while the selling price is 4 cents to non-UAE nationals and commercial offices; and 2 cents to UAE nationals. The annual figure for Government subsidies for this sector is estimated at USD 271.7 million. The ADWEA, established in 1999, is in charge of all Independent Power Projects (IPP) in Abu Dhabi.

The UAE is involved in a GCC plan to construct a unified power grid. The first phase of the project will connect Saudi Arabia, Kuwait, Bahrain, and Qatar, while the second phase incorporates Oman and the UAE in the overall grid. Execution of this plan is dependent on the construction of a unified power grid in each country. The UAE has started the construction of its four-phase unified grid connecting all emirates.

With privatization plans ahead, the UAE government expects to reduce its budget allocations for power and water desalination projects, thus giving a bigger role to the private sector. Total demand for water in the UAE is estimated at 400 MGD, and FEWA forecasts an annual growth of 12% in water demand until year 2001. Abu Dhabi's water desalination capacity at present stands at 196 MGD. Almost 20% of all water consumed is used for agricultural purposes. By 2015, water consumption is expected to exceed 600 MGD, of which Abu Dhabi's share could reach 250. Overall, capacity to produce water will double in the UAE during the next 5 years,

including new opportunities for Independent International Power Producers to invest in B-O-O (build-own-operate) projects worth billions of dollars. Reverse osmosis technology has encountered some difficulties in the UAE due to the high temperature and salinity rates in summer, which cause the closure of the membranes and subsequent suspension of operations. Consequently, multi-stage flash and multi-electric desalination technologies are widely used in the UAE. U.S. companies with reverse osmosis technology should make an effort to update UAE officials at FEWA on technological developments made to overcome those problems. Wastewater treatment systems are in great demand now; because of cultural and other considerations, however, wastewater cannot be used for either human consumption or agricultural crop production. Its principal use is in municipal decorative and ornamental agriculture and golf courses.

The major Power Generation Projects in the UAE are as follows:

- \$1.4 billion improvement of the power network in the Western Area to meet the growing demands. Al Shuweihat power & desalination plant near Jebel Dhanna will be the Abu Dhabi's second independent water and power plant. It will be built in two phases, each phase having a capacity of 1,500 MW and 100 MGD, eventually making a total capacity of 3,000 MW and 200 MGD.
- \$746 million expansion of the power generation and potable water production in Abu Dhabi Emirate, known as the Taweela A2 project. 500 MW of power and 50 MGD of water in the first stage and 250 MW of power and 50 MGD of water in the second stage or 600 MW of power and 75 MGD of water in one phase. The offshore civil package on the desalination element calls for the construction of a pumping station, a discharge culvert and a connection to the existing seawater intake channel, serving the A-1 power and desalination complex.
- \$590 million power plant with a capacity of 500 MW and 20 million gallons a day to meet the growing need for additional capacity in Dubai. The plant will comprise two gas turbines, two steam turbines and two 10 MGD desalination units. Out of the 500 MW of electricity, 400 MW will be by means of gas turbines and waste heat recovery boilers. The latter will be used in operating the back pressure steam turbines that produce 100 MW. The project scope is now being raised to 800MW, 40 MGD.
- \$351 million Taweelah B expansion to include the installation of two new units 7 and 8 with a total capacity of 308 MW and desalination units with a total capacity of 22 MGD.
- \$270 million upgrade of the Jebel Ali Power Station D plant is part of the effort to keep up with electricity demand in the Jebel Ali complex. The power and desalination plant is the oldest of the three in Jebel Ali, and was built in two phases between 1976 and 1984. The project is expected to include the installation of 400 MW of new gas turbine capacity and the installation of waste-heat recovery boilers at the D station. It will also include construction of a new 400 kV substation and the erection of a 400 kV link between the D station and the existing G station. Consideration may be also given to a 400 kV link between the D substation and the H substation at Al Awir.
- \$81 million project aimed at reinforcing the 220-KV networks in Al Ain. Project involves

construction of new 220/33-KV gas insulated switch-gear (GIS) substations in Al Mazyed and Al Era'ad in Al Ain and upgrading the existing Sinaya substation.

- \$47 million Sharjah desalination project will increase the production capacity of the existing Al Layyah plant by 10 MGD to 35 MGD. The project involves procurement and installation of two new desalination units and one waste heat recovery boiler, with a capacity of 240 tones per hour of steam.
- \$40 million project for the supply and installation of two 132/11KV substations, known as Thanya and Emaar in Dubai.
- Supply and installation of a 400kV substation at Mussafah. It centers on the construction of a 13-bay gas insulated switchgear (GIS) substation to serve the Mussafah industrial city. The contract also includes a 10-bay extension to the existing 400kV substation at Taweelah.

U.S. companies face tough competition from French, Italian, British, German and Japanese companies.

There are no constraints on the import of power generation and water equipment in the UAE. A 4% tax applies to such equipment imported for sale in the country.

Major power & water sub-sectors	Estimated Market Size in 2000 (In Million USD)
Gas and Steam Turbines and parts	670
Power Transmission/Distribution Equipment	110
Switch-gear motors/engines	60
Desalination equipment	390
Irrigation Equipment	110
Water supply/Distribution Systems	245

### Part 3. Data Table:

	1998	1999	2000
Total market size	1400	1555	1730
Total local production	0	0	0
Total exports*	142	150	158
Total imports	1542	1705	1888
Total imports from U.S.	413	475	546

The above statistics are unofficial estimates.

Exchange rate used is One USD equals 3.673 Dirhams.

\*Note: Re-exports indicated where total imports exceed market size



Part 1. Title Line: Best Prospects - UAE

Rank of sector: 7

Name of sector: Defense Industry Equipment

Three-letter ITA Industry sector code: DFN

Part 2. Narrative:

The principal entity in the UAE engaged in the procurement of defense equipment is the General Headquarters of the UAE Armed Forces (GHQ) in Abu Dhabi. The GHQ is the sole entity in charge of procuring military equipment and supplies to the UAE Armed Forces, which include Land Forces, Air Force & Air Defense, the Navy, and a Special Operations Group.

In order for U.S. firms to conduct business with the GHQ, they should pre-register their interest with the GHQ. Only pre-qualified companies are invited to bid on tenders.

On May 12, 1998, in Washington, D.C., Abu Dhabi Crown Prince and Deputy Supreme Commander of the UAE Armed Forces Sheikh Khalifa Bin Zayed Al-Nahyan announced the UAE's intention to purchase Lockheed Martin F-16 "Block 60" fighters; the contract was officially signed in March 2000. The selection process dates to 1991, during which time the F-16 was evaluated against other competing advanced fighters, including the Eurofighter Typhoon, France's Rafale, Russia's Sukhoi and Boeing's F-15U.

The UAE's particular version of the F-16 is named the Desert Falcon. Its equipment package consists of conformal fuel tanks for extended range, new cockpit displays, a new internal sensor suite, a new mission computer, and other advanced features including the Northrop Grumman agile beam radar (ABR) for improved tracking of multiple targets. Other special aircraft equipment will include a new integrated electronic warfare system (IEWS), and an internal forward-looking infrared and targeting system (IFTS), both also supplied by Northrop Grumman. Deliveries will start at the end of 2004 and continue until 2007.

Also, in March 2000, General Electric, the world's biggest jet-engine maker, announced that the GE F110 fighter engine was selected to power the UAE's Lockheed Martin F-16 Block 60 fighters in a contract worth about \$400 million. (Note: this figure is subsumed in the overall \$6.4 billion for the deal as a whole.) The engine selected by the UAE is the F110-GE-132 version, a higher-thrust derivative of GEAE's F110 fighter engine family.

The successful conclusion of this deal suggests that the UAEG is keen to develop its defense and military capabilities with U.S. technology despite strong pressure from competitors.

Furthermore, in the wake of this sale other U.S. defense firms may benefit. Possible munitions sales include AMRAAM air-to-air missiles, maverick air-to-ground missiles, harm radar-killing munitions, and GBU-series laser-guided bomb kits. Other potential U.S. suppliers will be for the

F-16 fleet's logistical support and storage facilities. The UAE Air Force may also look at constructing airbases to accommodate the new fighters and to acquire the necessary command and control systems.

The UAE Navy has undertaken an ambitious three-phase expansion plan, named 'Liwa Project', to modernize and upgrade its aging fleet. The first phase of the project includes the acquisition of six ocean capable patrol boats (OCPB). Phase two of the Liwa Project includes the acquisition of six small frigates or corvettes. They have already purchased two Dutch frigates. Liwa III calls for the purchase of up to 200 fast intercept craft (FIC) for the Navy and the Coast Guard. A bid was announced in 1998 for the supply of six 65-meter ocean-capable patrol craft, worth about USD 600 million.

Six 50-meter Baniyas Class TNC-45 fast attack patrol boats, the first of which has been delivered by pre-offset Abu Dhabi ShipBuilding Company (ADSB), will support these new vessels. (N.B.: Newport News (USA) owns a 40% stake in ADSB). The UAE is also considering expanding its naval base facilities to serve up to 100 fast attack craft, which are programmed under the third phase of Liwa Program. Plans are underway for the construction of two new naval bases along with command and control headquarters. The proposed location for the first naval base is between Khorfakan and Fujairah Port.

Other planned procurements include maritime patrol aircraft (MPA), armored personnel carriers, heavy equipment transporters, field medical hospital equipment, and expansion of command, control and communications (C3) systems.

Three major defense trade events are held every other year in the UAE. The Dubai Air Show, the International Defense Exhibition (IDEX), and the Triple International Defense Exhibition (TRIDEX). The first two events are by far the largest, and are certified by the U.S. Department of Commerce. "IDEX 2001" will be held on March 18-22, 2001, followed by "Dubai 2001" scheduled for November 4-8, 2001, followed by "TRIDEX 2002," to be held March 17-21, 2002.

The UAE Armed Forces imposes offset obligations on international defense contractors who make sales in excess of \$10 million. (N.B.: Further details on offset regulations are available at the Commercial Office in Abu Dhabi). Major competitors include companies from France, U.K., Germany, Italy, Russia, Spain, and South Africa.

The UAE is part of the GCC unified defense program, "Hizam Al-Ta'awun" (Cooperation Belt), for the provision of an early warning defense and communication system network among the GCC Higher Military Commands. Offers from U.S. and European companies are being evaluated for this project. A Special Forces program called "Dir'u Al-Jazira" (Peninsula Shield) was established by the GCC countries and conducts regular live munitions training.

In 1999, the U.S. market share of defense contracts was 14%. GHQ rules for military

procurement are applied.

The most promising subsectors within this sector, with the Estimated 2000 total market sizes of each are:

- Defense Electronics 230
- CPC Communications 230
- Military Telecommunications 115

Part 3 Data table:

	1998	1999	2000
Total market size	6,875	3,600	4,125
Total local production	0	0	0
Total exports*	0	0	0
Total imports	6,875	3,600	4,125
Total imports from U.S.	6,000	500	575

The above statistics are unofficial estimates.

Exchange rates used US\$ 3.673

\*NOTE: Re-exports indicated where total imports exceed market size. All figures are estimates in millions of USD.

Part 1. Title Line: Best Prospects - UAE

Rank of sector: 8

Name of sector: Oil and Gas-Field Machinery & Services

Three-letter ITA industry sector code: OGM

Part 2. Narrative:

Despite the volatility of oil prices, the UAE has continued on its course of increasing its petroleum and gas production capacity. UAE oil production capacity is expected to rise to around three million barrels per day (mbpd) in the year 2000. There are plans to boost that to 3.6 mbpd by 2005 and 4 mbpd by 2010. ADCO is planning to lift production to 1.2 mbpd, Adma-Opco to 600,000 and ZADCO to 550,000-600,000 over the next three to five years.

The country's gas production is being expanded to meet a forecasted doubling of demand to 3.7 billion cubic feet per day by the end of 2000, mainly as a result of increased demand from the power sector and the planned expansion of downstream industries. Domestic demand is expected to increase from 813 million cf/d in 1996 to 1.137 billion cf/d by the end of 2000, while gas used for re-injection is projected to double to 1.8 billion cf/d during the same period.

In March 2000, Takreer confirmed its interest to establish a grassroots Dhs. 1.47 billion base oil refinery at Ruwais over the next four years. Bechtel Corporation of the U.S. is carrying out a feasibility study for the project, which will be designed to produce 300,000 tons per year of varying grades of lube and base oil products. Takreer is currently working on a four-year plan, ending in 2004 for modification of its existing plants at Ruwais and Umm Al Nar.

Dubai-based Emirates National Oil Company (ENOC) on February 12, 2000 announced a plan to enter the local petroleum retail market in its own right. The company is planning to invest Dhs. 180 million in establishing 30 service stations over the next two years in Dubai and the northern emirates. The first would be built close to Sheikh Zayed road in Dubai. ENOC already has a presence in the sector through EPPCO, a joint venture with the U.S. firm Caltex.

The Fujairah-based Metro Oil Corporation, UAE's first privately owned refinery, which was shut down in February 1998 due to financial troubles, is expected to resume operations in the second quarter of 2000. In January 2000, Metro signed an agreement with major creditors, including oil companies and foreign and local banks, after tough negotiations spanning nearly two years. A new company, Fujairah Refinery Company Limited (FRCL), has been set up, with the support and involvement of the Government of Fujairah, to re-launch the refinery.

In a significant development during the last year, the UAE Offsets Group (UOG) executed a 25-year Project Development Agreement (PDA) with energy majors Enron and TotalFina-Elf in March 2000, related to the UOG's Dolphin gas project, which would pipe Qatari natural gas to Abu Dhabi, Dubai, Oman and--eventually--to South Asia. Elf will be responsible for the upstream sector, which involves developing a block in Qatar's North field, while Enron will take charge of building the gas pipeline to Abu Dhabi, Dubai and Oman, gas marketing, and project risk management.

Crescent Petroleum, after announcing the discovery of gas reserves at the offshore Sharjah-2 field, has since maintained a silence on the extent of reserves and its extraction plans. The BP Amoco Sharjah Oil Co. is planning to drill two new wells this year at the Sajaa concession. Due to increased energy activities in the emirate, the Sharjah government announced the creation of the six-member Sharjah Supreme Petroleum Council, dissolving the Petroleum and Minerals Directorate.

The phased development of the Bu Hasa field aims at raising production capacity from 200,000 bpd to 680,000 bpd. Abu Dhabi Company for Onshore Oil Operations (ADCO) projects center on the installation of four new separation units, each with a capacity of 120,000 bpd. An upgrade of Bu Hasa instrumentation and control system will also be carried out. Pre-qualified companies submitted preliminary proposals in September 1999. The EPC contractor is expected to be named in the second quarter of 2000.

ADCO recently invited bids from pre-qualified companies for the pilot gas re-injection project at its Asab field. Four international contractors are understood to be bidding for the EPC contract. ADCO is expected to appoint an EPC contractor in mid-2000.

Demand for gas field services and equipment is expected to increase by about 10% a year.

Major Oil, Gas and Pipeline Projects in the UAE are as follows:

- \$1.3 billion development of onshore gas fields, seen as continuation of the original Onshore Gas Development (OGD - Phase I). The main objective is to meet the growing demand in gas. New gas processing facilities at Habshan to produce 1,000 MMSCFD of gas, 205 tons/day of NGL, 54,000 BPSD of condensate and 2,500 tons/day of sulfur. Facilities will include a gas gathering network, gas separation and condensate stabilization units, gas treatment and dew pointing units, sulfur recovery units and other adjoining utilities.
- \$1 billion development of the largest UAE's offshore gas reservoir located under Umm Shaif and Abu Al Bukhoosh (ABK) oil fields (known as Khuff), as part of an expansion plan to meet the fast-growing demand for gas throughout the UAE. The project gained some urgency after plans were announced to supply gas to Jebel Ali. The equipment will include five well head platforms, gas gathering facilities at the field, a gas processing platform and an offshore 30 inch pipeline between ABK and Umm Shaif, a 40 inch pipeline between Umm Shaif to Das Island, a 160 km sub-sea pipeline from Umm Shaif to Taweelah and a 42 inch, 180 km onshore gas pipeline from Taweelah Gas Processing plant to Jebel Ali. The planned output is about 640 million cf/d of dry sour gas. ADNOC had originally planned to supply Dubai from the new offshore Khuff development which is now going to send gas to Das Island, raising the possibility that the liquefaction plant on Das will be expanded by either debottle-necking or the addition of a new gas train.
- Multi-billion Dolphin project, aimed at meeting Abu Dhabi's growing gas needs. The project envisions taking piped gas from Qatar's North Field to Abu Dhabi, Dubai, Oman and onward to Pakistan and India. Gas is to be piped from Ras Laffan in Qatar to Habshan in Abu Dhabi emirate. The estimated gas to be produced and transported for use is 3 billion standard cubic feet per day and the pipeline will cover over 800 kilometers. The size of the pipeline will range between 30-48 inches in diameter. Nearly 1 million tons of steel will be required for the network.
- A vapor recovery and minimized flaring project is being implemented to meet the environmental requirements of ADNOC. The contract involves increasing the vapor recovery, thereby minimizing flaring at ADCO's five different sites.
- A project aimed at minimizing the flaring of high sour gas. The contract calls for carrying out the zero flaring projects at Mubarras Island. It also includes laying of 14-inch and 8-inch diameter pipelines offshore and hook-up and modification works at four platforms.
- \$83 million, approximately 240 km long twin-pipeline to supply gas from the Abu Dhabi Emirate to Jebel Ali in Dubai. A supply agreement between Abu Dhabi and Dubai was signed in February 1998. First part was construction of a 42-inch diameter, 165 km sub-sea

gas pipeline from offshore Khuff gas field (lying under the Abu Al Bukhoosh oilfield operated by Total) to Taweelah for treatment. Part 2 was construction of an onshore pipeline of 42-inch diameter from Taweelah to Dubai Gas complex in Jebel Ali Free Zone. The scope of work has increased and now the pipeline will start from Maqta, close to Umm Al-Nar, reach Taweelah and then extend onward to Jebel Ali. The length of the pipeline will be about 112 km and will be of 48-inch diameter. The pipeline is to supply 500 million cubic feet of gas in first two operational stages and additionally 400 million cubic feet of gas in the third stage, to feed industrial demand in Dubai and in other emirates.

- \$100 million pipeline construction to reduce difficulties in transporting sulfur by truck to Ruwais for shipment. Sulfur is now being transported from Habshan to the sulfur forming plant in Ruwais by truck (78 trips per day). The 100-kilometer pipeline from Habshan to Ruwais is to transport the sulfur produced at the onshore gas fields. The sulfur produced should be transported in liquid form; to maintain liquid state, the sulfur line should be wrapped in a steam jacket.
- \$970 million "grass roots" project to build an approx. 600,000 t/y ethylene plant in the Ruwais complex. The plant will produce both LLDPE (Linear Low Density Polyethylene) & HDPE (High Density Polyethylene) for the Middle East market from Ethane rich tail gas from the GASCO plant at Ruwais. First stage of the project assumes construction of two units each producing 225,000 tons a year of LLDPE and HDPE, with other plant units producing ethylene and other commodities following in further stages. Capacity may be increased up to 650,000-700,000 t/y. Construction of a container loading terminal is also included in the scope.
- \$620 million ethylene cracker project initiated with the intention of meeting the ethylene requirements of Borouge's polyethylene units. It involves the construction of a 600,000 t/y ethylene cracker plant within the upcoming petrochemical complex in Ruwais. The scope was further revised to include an ethylene export terminal, which includes construction of a loading facility and associated works. The EDC plant (\$500 -600 million) project was planned have a capacity of 520,000 t/y EDC, a chlor-alkali facility with capacity of 1,200 t/d of chlorine and 1,300 t/d of caustic soda at Ruwais. It also included development of a salt dome at Jebel Dhanna, with brine manufacturing facility, and a pipeline to transport the product to Ruwais.
- \$270 million refinery located in Jebel Ali to supply base oil to Gulf Oil's lubricating plants in the region. Other than the 250,000 tons per year capacity, there are no other details available yet.

Although U.S. suppliers dominate this industry, competition from European and Japanese firms, such as IFP, B.P., Technip, John Brown Engineering, Kvaerner Engineering, Mott McDonald, D. Balfour & Sons, Tebodin, Pencol, Pritchard, Stork Engineers & Contractors, Mitsui, Chiyoda, and Mitsubishi is intense. Major contractors currently active are Snamprogetti, Saipem, NPCC, CCC, SK Engineering, ABB, Saipem, ADMAK, Al Nasr Irrigation, Snamprogetti, NPCC and Pan Arabian.

In 1999 the U.S. market share was 38%. There are no regulatory/demand issues affecting the market.

The most promising subsectors within this sector, with the estimated 2000 total market size of each:

Major oil & gas sub-sectors	Estimated Market Size In 2000 (Million USD)
Liquid Natural Gas Equipment	110
Drilling Equipment: oil and Gas	165
Petrochemical Equipment	100
Services: Oil and Gas	110

Part 3. Data Table:

	1998	1999	2000
Total market size	730	803	885
Total local production	0	0	0
Total exports*	62	67	75
Total imports	792	870	960
Total imports from U.S.	277	304	330

The above statistics are unofficial estimates.  
Exchange rates used US\$ 3.673

NOTE: Re-exports indicated where total imports exceed market size. All figures are estimates in millions of USD.

Part 1. Title Line: Best Prospects - UAE  
Rank of Sector: 9  
Name of Sector: Computers/Peripherals  
ITA Industry Code: CPT

Part 2. Narrative:

In recent years the computer-networking environment in the UAE has been increasing steadily in both the public and private sectors. A number of offices recently upgraded their systems due to Y2K concerns.

Computer companies/dealers continuously offer special promotions to gain or keep market share. With the drastic drop in prices for reputable brand names, computers of U.S. origin have become

more affordable, thereby making them more attractive to persons who wish to buy quality products. The recorded market share of 21.7% in 1998 for U.S. imports into the UAE does not reflect the true picture, as U.S. computer branded products are also imported from factories located in other countries. U.S. computer manufacturers are looked upon as market leaders and will maintain their edge to the extent that they continue to be able to introduce state-of-the-art technology and products at competitive prices. Growing awareness of the value of accessing the Internet has augmented the home P.C. market, which is expected to increase even further. The Government of Dubai has announced plans to install computers in all public schools. A law making Information Technology (IT) a compulsory subject in all schools is expected shortly. Computer assembly plants operating in the Free Zone manufacture Acer and Supra brands. Products brought into the UAE from the Jebel Ali Free Zone are considered imports.

Major competitors are Japan, U.K., Netherlands, Taiwan and Singapore. There are no import restrictions for the computer industry. Customs duty is 4%. U.S. companies need to obtain USG approval before exporting certain high-end sophisticated computer equipment to the UAE.

U.S. technology and standards are highly regarded. The best opportunities for success lie with American companies offering innovative and sophisticated products willing to team up with well-established local firms in distribution agreements.

The most promising sub-sectors within this sector, with the estimated 2000 total market size of each in millions of US dollars:

o Personal Computers	62.9
o Computer Monitors	46.0
o PC Notebooks	41.9
o Peripheral devices	41.9
o Multimedia products/upgrades	41.9
o OCS/Scanners	25.2
o Networking Solutions	25.2
o Printers, computer	21.0
o Modems	21.0
o CD-ROM Drives	21.0
o File Servers	16.8
o Client Server Systems	12.6

Part 3. Data table:

	1998	1999	2000
A. Total Market Size	359.3	388.0	419.1
B. Total Local Production	0.0	0.0	0.0



C.	Total Exports*	151.0	163.1	176.1
D.	Total Imports	510.3	551.1	595.2
E.	Imports from the U.S.	110.7	119.6	129.2

Exchange Rate: USD 1 = Dhs. 3.673

The above statistics are unofficial estimates in millions of U.S. dollars.

\*NOTE: Re-exports indicated where total imports exceed market size.

Part 1. Title Line: Best Prospects - UAE

Rank of Sector: 10

Name of Sector: Sporting Goods/Recreation Equipment

ITA Industry Code: SPT

Part 2. Narrative

The UAE trails only Saudi Arabia as the second most important consumer market among GCC countries. With a high per capita income (\$17,000) and competitive worldwide salaries, the UAE represents a very attractive market for the leisure/recreational industry. The large resident expatriate population (80% of total population) has a significant influence on the demand for sporting goods.

In recent years, both the public and private sector have begun to build and operate large-scale recreational facilities/theme parks in the UAE. Opportunities for further development and expansion exist, especially for indoor entertainment centers and fitness equipment. An estimated 45 new luxury hotel properties will be built over the next five years. All recreational facilities in the UAE use imported equipment. Actual value figures for recreational equipment are not reflected below as local statistics authorities generally note them under construction activities.

Innovative new products and increased promotional activity characterize this highly competitive market.

Major competitors are Germany, China, Japan and the U.K.

Customs duty is 4%.

The most promising sub-sectors within this sector, with the estimated 2000 total market size of each in millions of US dollars:

o	Video games	21.6
o	Fitness Equipment	14.7
o	Boats/engines	6.4
o	Amusement park/Outdoor Playground equipment	3.6
o	Golf Equipment	3.1
o	Racquet Sports and Accessories	2.2
o	Soft playgrounds	2.0
o	Fishing Equipment	1.5
o	Playing cards	1.2
o	Hunting/Shooting Equipment	1.0

## Part 3. Data Table:

	1998	1999	2000
A. Total Market Size	89.0	93.5	98.1
B. Total Local Production	0.0	0.0	0.0
C. Total Exports*	38.7	40.6	42.7
D. Total Imports	127.7	134.1	140.8
E. Imports from the U.S.	15.3	16.1	16.9

Exchange Rate: USD 1 = Dhs. 3.673

The above statistics are unofficial estimates in millions of U.S. dollars.

\*NOTE: Re-exports indicated where total imports exceed market size.

Part 1. Title Line: Best Prospects - UAE

Rank of Sector: 11

Name of Sector: Air Conditioning & Refrigeration

ITA Industry Code: ACR

Narrative:

The UAE possesses three distinctive characteristics that make it a key market for air conditioning equipment: high per capita income, extremely hot and humid climatic conditions, and relatively low electricity cost. The nature of the UAE climate makes air conditioning a necessity rather than a luxury. The trend in the new millennium has been towards more complex centrally packaged, air-cooled water chillers.

The market demand for air conditioning in the UAE is dependent on the construction industry. During early 1999, the slowdown in the wider economy caused by low oil prices led to a downturn in the construction sector. This in turn resulted in decreased demand for air conditioning equipment, from which the sector is slowly recovering. It was reported in late January 2000 that 1999 investment in construction and real estate had fallen by \$16.7 billion, from \$44 billion in 1998.

The UAE market is very receptive to U.S. central air conditioning equipment because of its reputation for high quality, safety, brand recognition, and low maintenance requirements.

The most promising subsectors within this sector, with the estimated 2000 total market size of each in millions of U.S. dollars:

O Central Air conditioning	81
o Mini Split Air conditioning	25
o Window Air conditioning	47
o Cold Storage Equipment	46

	1998	1999	2000
A: Total Market Size	241	223	226
B: Total Local Production	28	30	32
C: Total Exports*	60	61	62
D: Total Imports	273	254	256
E: Imports From U.S.A.	90	91	97

Exchange Rate: USD 1 = Dhs. 3.673

The above statistics are unofficial estimates in millions of U.S. dollars.

\*NOTE: Re-exports indicated where total imports exceed market size.

Part 1. Title Line: Best Prospects - UAE

Rank of Sector: 12

Name of Sector: Franchising

ITA Industry Code: FRA

Part 2. Narrative:

UAE companies have recognized that in most instances franchise operations are relatively safe and profitable, with fewer risks than traditional distribution/retail practices. UAE investors seek successful, efficient, and reliable franchises to develop. Although many major franchise operations exist, this sector could still be developed further if appropriate market niches are identified. The U.S. enjoys an excellent reputation for variety, quality, and name recognition of its franchises. U.S. franchising companies are advised to seriously consider entry into the UAE and assess the market potential for their particular type of operations. In today's economic climate, a U.S. franchiser must focus on the financial soundness of the potential franchisee. It is estimated that the U.S. market share was 62% in 1998.

Franchisers in the food industry should ensure that all packaging of food products is in accordance with UAE law. There are no regulatory/demand issues impacting the market.

Opportunities abound for those hotel chains that franchise their name. It has been reported that 45 new luxury hotel properties in the UAE are on the drawing board for the next five years.

Customs duty is 4% except for food products, for which no duty is imposed.

The most promising sub-sectors within this sector, with the estimated 2000 total market size of each:

o	Franchising: Soft drinks	95.6
o	Franchising: Fast Food	60.8
o	Franchising: Automotive	39.1
o	Business to Business Services	17.4

Part 3. Data Table:

	1998	1999	2000
A. Total Market Size	292.1	301.3	310.7
B. Total Local Production	19.1	20.1	21.1

C.	Total Exports*	0.0	0.0	0.0
D.	Total Imports	273.0	281.2	289.6
E.	Imports from the U.S.	163.8	168.7	173.8

Exchange Rate: USD 1 = Dhs. 3.673

The above statistics are unofficial estimates in millions of U.S. dollars.

\*NOTE: Re-exports indicated where total imports exceed market size.

#### BEST AGRICULTURAL PROSPECTS:

Name of Sector: Horticultural and Tropical Products

PS&D Commodity Heading: Apples, Fresh

Comments: Because of their high quality, demand for U.S. red apples is very strong, particularly for the HRI sector. In fact, the UAE is one of the top 10 markets in the world for U.S. apples. Iran is currently the principal apple supplier to the UAE, providing mostly golden varieties. Chile and France are other major suppliers.

Data Table	1997	1998	1999
			(1,000 MT)
A. Total Market Size	50	51	53
B. Total Local Production	0	0	0
C. Total Exports	48	50	35
D. Total Imports	98	101	88
E. Total Imports from U.S.	24	25	20

Name of Sector: Oilseeds and Products

PS&D Commodity Heading: Corn Oil

Comments: The U.S. is currently the principal corn oil supplier to the UAE. Corn oil is mostly shipped in bulk for further processing and packaging in local plants. There is also a growing demand for sunflower seed and soybean oil.

Data Table	1997	1998	1999
			(1,000 MT)

A. Total Market Size	20	22	22	
B. Total Local Production	0	0	0	0
C. Total Exports	5	8	7	
D. Total Imports	25	30	29	
E. Total Imports from U.S.	17	23	20	

## CHAPTER VI. TRADE REGULATIONS AND STANDARDS

### Trade Barriers, Including Tariffs, Non-Tariff Barriers, and Import Taxes

The UAE maintains a free exchange and liberal trade system. The Gulf Cooperation Council (GCC), grouping the UAE, Saudi Arabia, Kuwait, Bahrain, Qatar, and Oman, has been discussing a common external tariff for a number of years. The UAE in 1994 raised its import duties from 1% to 4%. This was lowered to 0% on food, except pork (4%). GCC states have agreed to implement a common external tariff by 2005.

Each emirate operates its own customs authority, but tariffs and general policies are coordinated through a federal customs council. Only firms with the appropriate trade license can engage in importation. Documentation requirements follow international standards and delays in custom clearance have been infrequent. The competition for business between the port facilities of the different emirates has kept user rates to a minimum and put a premium on services. There are no duties on exports. For religious and security reasons, there are various restrictions on imports of alcohol, tobacco, firearms, and pork products.

The UAE maintains non-tariff barriers to trade and investment, in the form of restrictive agency/sponsorship/distributorship requirements and restrictive shelf-life requirements for foodstuffs.

In order to do business in the UAE outside of one of the free zones (see below), a foreign business must have a UAE national sponsor, agent, or distributor. Once chosen, sponsors, agents, or distributors have exclusive rights for non-food products only. Agency law does not pertain to food products. They cannot be easily replaced without their agreement. Government tendering is not conducted according to generally accepted international standards. Retendering is the norm, often as many as three or four times. To bid on federal projects, a supplier or contractor must either be a UAE national or a company in which UAE nationals own at least 51% of the share capital. Federal tenders are required to be accompanied by a bid bond in the form of an unconditional bank guarantee for 5% of the value of the bid.

The UAE has no requirement that a portion of any government tender be subcontracted to local firms. There is a 10% price preference on procurement and tenders. The UAE requires a company to be registered in order to be invited to receive government tender documents. To be

registered, a company must have 51% UAE ownership. However, these rules do not apply to major project awards or defense contracts, where there is no local company able to provide the goods or services required.

The UAE has recently joined the Paris Convention for the Protection of Industrial Property, the first treaty for the protection of IPR to which the UAE has acceded. It is also a member of the World Intellectual Property Organization (WIPO).

#### Agricultural Trade Barriers

There are few trade barriers facing imported food products. Shelf life requirements and the need for production and expiry dates perhaps pose the greatest problems for U.S. suppliers. There are no import duties levied on food products.

#### Customs Valuation

Maximum duty in the UAE is 4% for most goods, with 4% levied on pork, 50% on alcohol, and 80% on tobacco products. Many essential items, including foodstuffs and pharmaceuticals, are allowed duty free status. The duty on tobacco will increase to 100% in 2000.

#### Import Licenses

All food imports including beef and poultry products require a health certificate from the country of origin and a halal slaughter certificate issued by an approved Islamic center in the country of origin.

#### Export Controls

All goods exported or re-exported from the UAE. must have proper documentation issued by the Ministry of Economy and Commerce and the various Chambers of Commerce in the respective individual emirates. U.S. firms seeking to export or re-export goods from the UAE should consult the appropriate legal authorities for specific guidelines.

#### Import/Export Documentation

Standard trade documentation, including certificates of origin, bills of lading, commercial invoice and various government/embassy attestations must be presented for all imports and exports. A Guide to Doing Business in the UAE, which details documentation requirements, is available at all U.S. Department of Commerce District Offices, the Department in Washington, and the U.S. Commercial Offices in Abu Dhabi and Dubai. In addition the ATO publishes a Food Exporters Guide for doing business in the GCC-5.

#### Temporary Entry

Goods may be imported duty free and stored in any of several free zones in the UAE. Goods which enter the UAE from these free zones must pay the (minimal) duty noted previously. There is no provision for duty free entry of parts or components intended for the manufacture of products that are to be subsequently exported. In practice, as duties are already so low, this has

not been a major impediment to manufacturing industries in the UAE.

#### Labeling

Food labels must contain product and brand names, production and expiry dates, country of origin, name of the manufacturer, net weight in metric units, and a list of ingredients and additives in descending order of proportion. All fats and oils used, as ingredients must be specifically identified on the label. Arabic labeling is now also required but not enforced.

#### Prohibited Imports

Irradiated food products are prohibited. Imports of alcohol and pork products are strictly regulated.

#### Standards

The UAE's Standards and Measurements Department of the Ministry of Finance and Industry is responsible for formulating and enforcing UAE/GCC standards. However, the national and emirate governments, as well as professional associations, are reviewing standards requirements. This is particularly true for the construction industry. Currently, government agencies and private firms stipulate the standards required on a project-by-project basis. This allows for a wide range of acceptable product performance, makes health and safety monitoring difficult, and permits the use of low quality products and manipulation of tender specifications. A UAE company first qualified for ISO 9000 certification in 1993. Since then, more have received the designation, and the EU is funding a standards center in the UAE to implement ISO 9000 certification.

#### Membership in Free Trade Arrangements

The UAE is a member of the Gulf Cooperation Council (GCC). In 1981, the GCC issued the Unified Economic Agreement, a plan for complete economic integration among the six member states (Saudi Arabia, Kuwait, the UAE, Bahrain, Qatar, and Oman). In practice, the provisions of this agreement have not been implemented.

Under the agreement, all agricultural, animal, industrial, and natural resource products from member states are exempt from duties and other charges when traded among member states. To qualify as a GCC national product, the value added in a GCC member state must be not less than 40% of the final value, produced in a factory with at least 51% local ownership, and licensed by the respective Ministry of Finance and Industry. All intra-GCC shipments claiming this exemption must be accompanied by a duly authenticated certificate of origin.

The GCC has for a number of years been conducting--so far with little progress--talks with the European Community on establishing a free trade agreement between the respective blocs. The GCC also conducts economic dialogues with Japan and the U.S.



## CHAPTER VII. INVESTMENT CLIMATE

### Openness to Foreign Investment

The laws and regulations governing foreign investment in the UAE are evolving but expected to remain conducive to foreign investment. The regulatory and legal framework favors local over foreign investors. There is no national treatment for investors in the UAE. Foreign ownership of land and stocks is extremely restricted. Therefore, it is recommended that potential investors consult a local attorney to obtain the most current investment information at an early stage of planning.

Regulation of the establishment and conduct of business in the UAE is shared at the federal and emirate levels. In general, foreign companies who undertake business activities in the UAE or make their products available in the UAE have either entered into a joint venture with UAE nationals for the establishment of limited liability companies, appointed commercial agents, or set up branch offices. Except for companies located in the free zones, at least 51% of a business establishment must be owned by a UAE national. A business engaged in importing and distributing a product must be either a 100% UAE owned agency/distributorship or a 51% (UAE) / 49% (foreign) limited liability company (LLC). Subsidies for manufacturing firms are only available to those with at least a 51% local ownership.

In 1995, the government offered 40% of the equity of the Emirates General Petroleum Company for sale to the private sector. Abu Dhabi authorities are accepting no new upstream investment in the oil and gas sector, although this is the sector in which there is the most interest on the part of potential foreign investors. The emirate government funds 90% of residential and commercial construction in Abu Dhabi. Severe restrictions on land ownership and transfer of land exist in Abu Dhabi and Dubai.

In implementation of the UAEG's privatization initiative, the contract for the UAE's first IPP, with an estimated value of USD 750 million, was awarded to an American firm in the fall of 1998. In March 1998 the Abu Dhabi Water and Electricity Authority (ADWEA), a new entity tasked with operating and managing the power and water sectors in Abu Dhabi, was established. The former power/water monopoly, the Water and Electricity Department was abolished. The Abu Dhabi government has divided the industry into three sectors: Generation (includes power and desalinated water production); Transmission; and Distribution. Generation and Transmission will be privatized, while Distribution will remain under the control of Abu Dhabi authorities. The estimated commercial value of planned power and water sector development projects in Abu Dhabi is \$8.4 billion. Additional power/water IPP's are in process.

The Abu Dhabi authorities in the late 1980's instituted an offsets program. Under it, defense sales contractors are required to invest an amount which will generate a profit equal to an agreed

upon portion of their contract in the UAE. The amount is subject to negotiation with the UAE Offsets Group (UOG), which must approve each investment project. The projects generally must show the required profit after seven years. The contractor may not own more than 49% of the project. UAE nationals must hold the remaining 51%. As of June 1999 there were 25 offset ventures; offset projects cover the full spectrum of economic activity, including, inter alia, advertising, fish farming, air conditioning, language centers, shipbuilding, aircraft maintenance, leasing, medical services, and even polo grounds. The two largest offset ventures are a \$135 million air conditioning company (Tabreed), a giant offsets projects and the \$135 million Oasis International leasing company, and a British Aerospace offsets venture, which recently announced plans to purchase six Airbus Aircraft and re-lease them to Gulf Air. A backlog of offset obligations has accumulated, as the UAE Armed Forces continue to make purchases.

Principal problems associated with the offsets program are a lack of investment opportunities, difficulty in finding UAE national partners for the majority 51%, and difficulty in obtaining cooperation from emirate and federal bureaucracies for required permits, licenses, and other documentation needed to establish any new project. Recent published reports have suggested that defense contractors may satisfy their offset obligations by making a lump-sum payment to the UAE Offsets Group. These payments likely provide the seed money for investment projects (electrical companies in Pakistan, aluminum smelters in Africa, for example) which the Offsets Group is undertaking in its own right.

Foreign banks are required to pay a 20% tax on their profits. Domestic banks pay no income tax. No other foreign companies pay income taxes to the UAE government. Neither foreign nor UAE nationals pay individual income or property taxes in the UAE.

There are no significant government financed and/or subsidized research and development programs in the UAE.

Visas, residence permits, and work permits are required of all foreigners in the UAE. U.S. citizens are eligible to receive ten year, multiple entry visas, authorizing stay up to six months per entry, with the possibility of a six-month extension.

#### Free Trade Zones

There are presently ten free trade zones in the UAE, at varying stages of development. Since UAE tariffs are low and are not levied against many imports, the chief attraction of the free zones is the waiver of the requirement for majority local ownership. In the free zones, foreigners may own up to 100% of the equity in an enterprise. Most free zones also provide 100% import and export tax exemption, 100% exemption from commercial levies, 100% repatriation of capital and profits, multi-year leases, easy access to sea and airports, buildings for lease, energy connections (often at subsidized prices), and assistance in labor recruitment. In addition, for a nominal fee the free zone authorities provide significant support services, such as sponsorship, worker housing, dining facilities, recruitment, and security.

The largest and most successful of the free zones is the Jebel Ali Free Zone (JAFZ) in Dubai. By the end of 1998 over 1300 companies, representing 80 countries, had set up shop in the JAFZ. Within the JAFZ, three types of licenses (general license, specific license, and national industrial license) are issued. The licenses are valid while a company holds a current lease from the free zone authority and are renewable annually as long as the lease is in force. The special license is issued to companies incorporated, or otherwise legally established, within the free zone or outside the UAE. In such cases, no other license is required, and the ownership of the company may be 100% foreign. The license is issued for any activity permitted by the free zone authority, including manufacturing. A company with a special license can operate only in the Jebel Ali Free Zone or outside the United Arab Emirates, but business can be undertaken and sales made in the UAE through or to a company holding a valid Dubai Economic Department license. However, a company with a special license can itself purchase goods or services from within the UAE.

A number of new free zones are in the planning stages or currently under construction. Dubai is moving forward with plans to create an "Internet City" E-Commerce free zone. In Abu Dhabi there are plans for Saadiyat Island Free Zone, an estimated USD 3 billion project, which is expected to concentrate on commodity storage and offshore financial services rather than manufacturing. Saadiyat is envisioned as a delivery and storage center for 67 basic commodities, including precious metals, gems, oil, grains, and ores. The free zone is planned to have, inter alia, extensive warehouse facilities, a stock exchange, a futures exchange, and an offshore banking unit. There are signs, however, that the vision of Saadiyat continues to evolve.

#### Conversion and Transfer Policies

There are no restrictions on the transfer of funds into or out of the UAE, except that Israeli currency may not be bought or sold in the UAE. All other currencies are traded freely at market determined rates. No license is required to change money. The UAE dirham has been pegged to the dollar at 3.67 dirhams per dollar since 1980. The authorities are under no pressure to adjust the peg, although periodically reports surface suggesting that authorities may consider linking the dirham to a basket of currencies, including the Euro.

#### Expropriation and Compensation

There have not been any expropriations in the UAE involving foreigners. There are no set rules governing compensation if expropriations were to occur, and individual emirates would likely treat this differently. In practice, authorities in the UAE would not expropriate unless there was a compelling developmental or public interest need to do so, and in such cases compensation would be generous.

#### Dispute Settlement

There have been no significant investment disputes over the past few years involving U.S. or other foreign investors, but there have been several contractor disputes in the UAE. Most

disputes have eventually been satisfactorily handled through arbitration or have been resolved by the parties involved. However, dispute resolution can be difficult and uncertain. Arbitration may commence by petition to the federal courts on the basis of mutual consent, a written arbitration agreement, independently by nomination of arbitrators, or through a referral to an appointing authority without recourse to judicial proceedings. Enforcing judgments has not always been easy, and judicial proceedings can often go on several years. The UAE is a member of the International Center for the Settlement of Investment Disputes.

In 1993 the Abu Dhabi Chamber of Commerce and Industry formed the Abu Dhabi Commercial Conciliation and Arbitration Center in an effort to accelerate commercial dispute resolution. The president of the chamber chairs the center, and the president of the chamber's customs and arbitration committee acts as the center's general secretary. The center has jurisdiction to conciliate or arbitrate commercial disputes. The center's executive regulations govern its conciliation and arbitration procedure. Referral by two adverse parties of a dispute to the center entails the parties' acceptance of the finality of the center's decision. The parties may in Arabic or in any other language select the proceedings of the center. The efficacy of the center depends in part on the willingness of local courts to grant rapid enforcement to the center's awards. The Dubai Chamber of Commerce and Industry promulgated commercial conciliation and arbitration rules. The rules permit parties to agree to have conciliation or arbitration under the auspices of the chamber.

The UAE federal Supreme Court has held that a foreign arbitration clause in a registered commercial agency agreement is unenforceable as a matter of public policy. The decision was based on the commercial agency law of 1981, which states that the courts of the UAE shall have jurisdiction over commercial agency disputes. The federal Supreme Court did not comment on the wisdom of registration of commercial agency agreements that contain clauses, such as foreign arbitration clauses, that could later be held unenforceable.

In 1971, the provisional constitution of the UAE (which was made permanent in 1996) established a federal court system while acknowledging the right of the individual emirates to maintain a court system of their own. The federal court system consists of federal courts of first instance, federal courts of appeal and a federal Supreme Court. The court of first instance consists of civil, criminal, and sharia (Islamic law) courts. The sharia and civil legal systems exist concurrently for the most part in the UAE. Commercial disputes involving foreign parties tend to come before the civil courts; a panel of three judges ordinarily hears major commercial disputes. All cases involving banks and financial institutions are required to be heard by civil courts and not by sharia courts.

In 1992, President Zayed issued a new code of civil procedure. The code contains new rules on arbitration, conciliation and amicable settlement of disputes. According to an analysis prepared by Western-trained attorneys, the new arbitration rules are similar to those recommended by the federation of the UAE Chambers of Commerce and Industry. The agreement of the parties to a

dispute to refer it to arbitration is recognized and made enforceable. No party is now permitted to file a claim with a court if such party has already agreed to refer such claim to arbitration. Reference to arbitration may be made at any stage during litigation. The new code sets out in detail rules governing the qualification and disqualification of arbitrators and many other aspects of the arbitration process. The venue of arbitration is required to be within the UAE, and if not, the resultant award is to be treated like a foreign judgment. There are also rules to ensure the prompt enforcement of awards. The new code also introduced procedures to expedite certain business claims. Comprehensive rules were provided in connection with the various types of preventive and provisional remedies prior to the litigation process and upon the issuance of judgments, including attachment of property, confiscation of the defendant's passport and prohibitions on travel, as well as the detention of the defendant in certain instances.

Political Violence (as it may affect investments)

None

Performance Requirements/Incentives

Incentives are given to foreign investors in the free zones. Outside the free zones, no incentives are given.

Right to Private Ownership and Establishment

Except as detailed elsewhere in this report, there are no restrictions on the right of private entities to establish and own business enterprises and engage in all forms of remunerative activity.

Protection of Property Rights

Private property is protected and respected in the UAE.

In April 2000, the UAE was removed from USTR's Special 301 IPR Watch List. The action was taken following a visit to the UAE by a PHRMA representative and subsequent assurances from the UAE government that unlicensed copies of patent-protected medicines will no longer be registered.

In 1992 the UAE passed three laws pertaining to intellectual property: a copyright law, a trademark law, and a patent law. Enforcement efforts did not begin in earnest until 1994. As a result of government enforcement efforts, the UAE is largely clean of pirated sound recordings and films. While the government has also undertaken enforcement actions against local companies selling pirated computer software, U.S. industry remains concerned about reports of large-scale copying of business computer software by corporate end-users. Efforts to combat computer software piracy in the UAE have been successful; according to spring 1999 industry estimates, the rate of software piracy in the UAE declined from 92% to 47% in the 1995-99 period, one of the largest drops worldwide. The UAE is recognized as the regional leader in fighting computer software piracy.

The Ministry of Information is currently amending the copyright law to bring it up to international standards. UAE patent law provides process, not product, patent protection for pharmaceutical products. The Minister of State for Finance and Industry publicly announced in February 2000 that an amended patent law would be in place by the end of the year. The UAE has joined the Paris Convention for the Protection of Industrial Property, the first treaty for the protection of IPR to which the UAE has acceded. It is also a member of the World Intellectual Property Organization (WIPO).

#### Corruption

As in many other countries, corruption is a concern for U.S. firms seeking to do business in the UAE. American firms are bound by the Foreign Corrupt Practices Act, a copy of which may be obtained from the Commercial Section of the U.S. Embassy.

#### Regulatory System

The federal commercial code, the last building block in the edifice of federal commercial legislation in the UAE, was promulgated in 1993. The commercial code devotes an entire chapter to bankruptcy, the first comprehensive legislation in the UAE on the subject. Prior to the enactment of the commercial code, creditors of bankrupt persons were often faced with a race to the courthouse with other creditors in order to obtain satisfaction of their claims. In the judgment of Western legal experts, however, the commercial code chapter on bankruptcy governs the procedures and effects of bankruptcy in the UAE and should provide a mechanism for the orderly evaluation and distribution of assets of a bankrupt entity.

The concept of a mortgage does not exist. With few exceptions, title to all land in Abu Dhabi, the largest emirate, resides in the ruler. Most construction, commercial and residential, is financed by a specialized agency of the government of Abu Dhabi. Commercial banks finance the remainder. Their collateral traditionally has been access to the rent stream of the building or the personal guarantee of the developer. In the past, developers unable to pay off bank loans simply walked away from the problem. The new commercial code's bankruptcy provisions seek to give lenders access to the assets of persons issuing personal guarantees. However, these provisions have not been tested in court.

The fundamental instrument by which all of the emirates regulate business activity is the requirement that the municipal authorities of an emirate must properly license any place of business. A license is not required unless a place of business is set up in the UAE. Therefore, foreign businesses exporting to the UAE but without a regular or continuing business presence in the UAE do not need a license. Licenses available include trade licenses, industrial licenses, service licenses, professional licenses, and construction licenses.

Several federal regulations govern business activities in the UAE outside free trade zones. Activities within the free zones are governed by special bylaws.

1. The federal companies law: the companies law applies to all commercial companies established in the UAE and to branch offices of foreign companies operating in the UAE. The following provisions are of particular importance:

A. Companies established in the UAE are required to have a minimum of 51% UAE national ownership. However, profits may be apportioned differently.

B. Branch offices of foreign companies are required to have a national agent unless the foreign company has established its office pursuant to an agreement with the federal or an emirate government.

C. All general partnership interest must be owned by UAE nationals.

D. Foreign shareholders may hold up to a 49% interest in limited liability companies.

There are seven types of local companies that may be organized under the companies' law:

1. General partnership
2. Limited partnership
3. Share partnership
4. Joint venture company
5. Limited Liability Company
6. Publicly held company
7. Private shareholding company.

Among the forms of business activities under the companies' law, the limited liability company (LLC) is now considered to be the most suitable form of joint ventures between local and foreign entities.

2. The commercial agencies law: the commercial agencies law requires that foreign principals distribute their products in the UAE only through exclusive commercial agents that are either UAE nationals or companies wholly owned by UAE nationals. The foreign principal can appoint one agent for the entire UAE or for a particular emirate or group of emirates. The law provides that an agent may be terminated only by mutual agreement of the foreign principal and the local agent, notwithstanding the expiration of the term of the agency agreement.

3. The federal industry law: the industry law stipulates that industrial projects must have 51% UAE national ownership. The law also requires projects either to be managed by a UAE national or have a board of directors with a majority of UAE nationals. Exemptions from the law are provided for projects relating to extraction and refining of oil, natural gas, and other raw materials. Additionally, projects with a small capital investment or special projects governed by special laws or agreements are exempt from the industry law.

4. Government tenders law: under the tenders law, a supplier, contractor, or tenderer with respect to federal projects must either be a UAE national or a company in which at least 51% of the share capital is owned by UAE nationals. Therefore, foreign companies wishing to bid for a federal project must enter into a joint venture or agency arrangement with a UAE national or company. Federal tenders are required to be accompanied by a bid bond in the form of an unconditional bank guarantee for five percent of the value of the bid.

#### Bilateral Investment Agreements

The UAE has bilateral investment agreements with a number of countries, including the UK. There is no bilateral investment treaty with the U.S. While the UAE has expressed general interest in the past in discussing a bilateral investment treaty with the United States, U.S. requirements of national treatment for foreign investors have proven problematic, particularly with regard to foreign ownership restrictions.

#### OPIC and Other Investment Insurance Programs

The U.S. and the UAE signed an agreement on investment guarantees (an OPIC agreement) in September 1991. In 1995 OPIC removed the UAE from the list of countries in which it provides coverage for U.S. companies wishing to invest overseas. OPIC's decision to go "off-cover" was based on statutory requirements which bind it to provide coverage only in countries which are found to be taking steps to adopt or implement internationally-recognized worker rights.

#### Labor

1999 data estimates the UAE population to be approaching 3.0 million, of which an estimated 80% are foreigners. Statistics from 1995 indicate that the labor force comprises 50% of the UAE population. It is estimated that roughly 90% of workers in the UAE are non-UAE nationals. Women comprise 12% of the UAE labor force, up from 9.6% in 1985. The national unemployment rate is 2.6%. Emiratization of the UAE workforce remains a national objective. In May 1998 the UAE cabinet approved plans to force banks to increase their UAE national workforce to at least 40% of total staff within 10 years. This law went into effect in January 1999; banks are required to raise UAE staffing by 4% for 10 consecutive years. In June 1998 the Ministry of Education announced that teachers of grades 1-5 in the public school system must henceforth be UAE national women.

#### The Right to organize and Bargain Collectively

The UAE's labor force is about 90% expatriate; in such circumstances, the UAEG is not inclined to permit workers the right to organize and bargain collectively. The Ministry of Labor and Social Affairs normally employs workers in the industrial and service sectors under contracts that are subject to review. The purpose of the review is to ensure that pay will satisfy the employee's basic needs and secure a means of living. For the resolution of work-related disputes, workers must rely on conciliation committees organized by the Ministry of Labor and Social Affairs or on



special labor courts. Labor laws do not cover government employees, domestic servants and agricultural workers. The latter two groups face great difficulty in obtaining any assistance in resolving disputes with employers. While any worker may seek redress through the courts, this process puts a heavy financial burden on those in lower income brackets. In Dubai's Jebel Ali Free Zone, the same labor laws apply as in the rest of the country.

#### Prohibition of Forced or Compulsory Labor

Forced or compulsory labor is illegal and not practiced. However, some unscrupulous employment agents bring foreign workers to the UAE under conditions approaching indenture.

#### Minimum Age for Employment of Children

Labor regulations prohibit employment of persons under age 15 and have special provisions for employing those aged 15 to 18. The department of labor enforces laws prohibiting the employment of children. Labor regulations allow contracts only for adult foreign workers. Despite tough federal laws prohibiting child labor, there remain concerns about the importation of children, some as young as two years of age, to serve as camel jockeys.

#### Acceptable Conditions of Work

There is no legislated or administrative minimum wage. Supply and demand determine compensation. However, according to the Ministry of Labor and Social Affairs, there is an unofficial, unwritten minimum wage rate which would afford a worker and family a minimal standard of living. The Ministry of Labor and Social Affairs reviews labor contracts and does not approve any contract that stipulates a clearly unacceptable wage. In practice, this requirement is, reportedly, often not enforced.

The standard workday and workweek are set at eight hours per day, six days per week, but these standards are not strictly enforced. Certain types of workers, notably domestic servants, may be obliged to work longer than the mandated standard hours. The law also provides for a minimum of 24 days per year of annual leave plus 10 national and religious holidays. In addition, manual workers are not required to do outdoor work when the temperature exceeds 45 degrees Celsius (112 F).

Most foreign workers receive either employer-provided housing or a housing allowance, medical care, and homeward passage from their employers. The vast majority of such workers, however, do not earn the minimum salary of 5000 dirhams (approximately 1370 U.S. dollars) per month currently required for them to sponsor their families for a UAE residence visa. Employers have the option to petition for a ban from the work force of one year for any foreign employee who leaves his job without fulfilling the terms of his contract.

The government sets health and safety standards, which are enforced by the Ministry of Health, the Ministry of Labor and Social Affairs, municipalities, and civil defense units. Every large industrial concern is required to employ an occupational safety officer certified by the Ministry of

Labor. If an accident occurs, a worker is entitled to fair compensation. Health standards are not uniformly observed in the housing camps provided by employers. Workers' jobs are not protected if they remove themselves from what they consider to be unsafe working conditions. However, the Ministry of Labor may require employers to reinstate workers following an investigation of the alleged unsafe working conditions. All workers have the right to file complaints with the Ministry of Labor, whose officials are accessible to any grievant, and an effort is made to investigate all complaints. The ministry, which oversees worker compensation, is, however, chronically understaffed and underbudgeted, so that complaints and compensation claims are backlogged.

In 1996, the UAE ratified three treaties of the International Labor Organization (ILO): the 1951 Equal Remuneration Convention, the 1957 Abolition of Forced Labor Convention, and the 1973 Minimum Age Convention. Nevertheless, a number of accounts, including some in the local press, continue to call attention to abuses suffered by domestic servants, particularly women, perpetrated by individual employers. These have included allegations of excessive work hours, extremely low wages, verbal abuse, and, in some cases, physical abuse.

#### Capital Outflow Policy

There are no restrictions or incentives with regard to the export of capital and outward direct investment.

#### Major Foreign Investors

Principal foreign investors are the UK, U.S., France, India, Japan and Germany. We have seen reports that U.S. foreign direct investment in the UAE in 1996 was \$789 million.

## CHAPTER VIII. TRADE AND PROJECT FINANCING

### Brief Description of the Banking System

There are 20 UAE-owned banks with 207 branches in the UAE and 43 abroad, 27 foreign banks with 119 branches, one restricted license bank, two investment banks, and 10 representative offices. Although the 1997 GCC summit determined that GCC banks would be able to open branches in all GCC states, so far no new GCC banks have elected to set up shop in the UAE. The largest banks in terms of assets include the National Bank of Abu Dhabi, National Bank of Dubai, Emirates Bank International, Mashreqbank, and Abu Dhabi Commercial Bank.

The Central Bank also prohibits lending an amount greater than 7% of a bank's capital base to any single customer. The Bank defines a customer as an individual, a company, or a group of companies under common ownership, and capital base as local capital. Foreign banks with branches in the UAE are not permitted to calculate loans as a percentage of their global capital (which may however be used to calculate the capital adequacy ratio). In a revision to the rule, the Bank in 1993 said it would exclude from the requirement non-funded exposures, such as letters

of credit and guarantees. The Central Bank has also announced implementation of internationally recognized and accepted accounting principles, in the form of the International Accounting Standard (IAS) number 30 on disclosure.

Since the UAE dirham is tied to the dollar, interest rates in the UAE tend to parallel those in the U.S. The authorities believe that the exchange rate of 3.671 to the dollar, unchanged since 1980, promotes stability and confidence in the currency and mitigates against capital flight.

The Central Bank no longer issues licenses for new foreign banks to establish branches in the UAE. Citibank is the only U.S. Bank in the UAE that offers full banking services. Bank of America has a representative office in Dubai, while Bank of New York has one in Abu Dhabi.

Local banks finance most non-oil investment in the UAE. Even so, banks lack sufficient lending opportunities for their funds, and consequently place many of them abroad. Most of the manufacturing sector operates with higher levels of debt than prescribed by the 60:40 debt to equity ratio, generally the norm for this sector. Debt is almost entirely made up of bank borrowings. Some three-fourths of gross fixed capital formation in manufacturing is directly or indirectly financed by the banking system. Local banks invest in foreign stock markets to absorb excess liquidity.

The trade and building sectors receive a disproportionate share of bank loans. Banks lend to the services, trade, and building sectors due to lack of major investment scope in other productive sectors. The oil sector is the province of the government and is beyond the reach of the banks. The farming sector is relatively small and is heavily subsidized.

Banks operating in the UAE. are:

ABN Amro Bank  
 ANZ Grindlays Bank PLC  
 Abu Dhabi Commercial Bank  
 Al Ahli Bank of Kuwait  
 American Express Bank Ltd.  
 Arab African International Bank  
 Arab Bank for Investment & Foreign Trade  
 Arab Bank PLC  
 Arab Emirates Investment Bank Ltd.  
 Banca Commerciale Italiana  
 Bank Melli Iran  
 Bank of America (Representative Office)  
 Bank of Baroda  
 Bank Brussels Lambert  
 Bank of Sharjah PLC

Bank of Tokyo Ltd.  
Bank Saderat Iran  
Banque Banorabe  
Banque Du Caire  
Banque Indosuez  
Banque Libanaise Pour Le Commerce  
Banque Nationale De Paris  
Banque Paribas  
Barclays Bank PLC  
The British Bank of the Middle East  
Citibank NA  
The Commercial Bank of Dubai Ltd.  
Commercial Bank Int'l PLC  
Credit Lyonnais  
Credit Suisse  
Dubai Islamic Bank  
El Nilein Bank  
Emirates Bank International  
Emirates Industrial Bank  
First Canadian Capital Corporation  
First Gulf Bank  
Gulf International Bank (BSC)  
Habib Bank AG Zurich  
Habib Bank Limited  
Investment Bank for Trade & Finance LLC  
Janata Bank  
Lloyds Bank PLC  
Mashreq Bank  
Merrill Lynch International Co.  
Middle East Bank (A subsidiary of Emirates Bank Int'l Ltd)  
National Bank of Abu Dhabi  
National Bank of Bahrain (BSC)  
National Bank of Dubai Ltd.  
National Bank of Fujairah  
National Bank of Oman Ltd. (SAOG)  
National Bank of Ras Al Khaimah (PSC)  
National Bank of Sharjah  
National Bank of Umm Al Qaiwain PSC  
Oman Finance Co. Ltd.  
Royal Bank of Canada  
Standard Chartered Bank  
Union Bank of Switzerland (Representative Office)

Union National Bank  
United Arab Bank  
United Bank Ltd.

## CHAPTER IX: BUSINESS TRAVEL

### A. Business Customs

Men and women work together in offices in the UAE. Women usually dress conservatively and modestly. Only women working as teachers in the public (Islamic) schools are required to wear long skirts or traditional black abayas.

UAE nationals are well represented in the public sector. The private sector environment is somewhat different; UAE nationals are less well represented, even in the higher ranks.

As is the case in many Middle Eastern countries, meetings can often run late and projects may experience postponements and extensions. American business visitors, however, are expected to be punctual for all appointments and it is most important to respond to all fax and other communications promptly.

In a typical business meeting, the guest may be offered tea, coffee or a soft drink upon arrival. Formal greetings can take several minutes. It is considered impolite to begin addressing business topics without taking several minutes for small talk. Courtesy is more emphasized in the UAE than in typical U.S. business meetings, although this can be exaggerated, and many UAE business executives are becoming more time-conscious.

### B. Travel Advisories and Visas

A passport and visa are required for entry into the UAE. Multiple-entry visas for business or tourism and valid for up to ten years are available to US passport holders from UAE embassies abroad. Sponsors are not required, but applicants may be asked to provide an invitational letter to confirm the purpose of their travel. These visas do not permit employment in the UAE.

With 2-3 weeks advance notice (sometimes less), a local sponsor (company, major hotel or UAE government agency) can arrange for a transit visa valid for a single stay of up to two weeks. Local sponsors (companies or individuals) can also arrange for visitor visas valid for one month with extensions of up to three months upon application.

An AIDS test is mandatory for obtaining a residence permit, which is a requirement for all expatriates and their dependents living in the UAE. The test must be conducted in the UAE by the Preventive Medicine Unit.

For further information, travelers may contact the UAE Embassy, Suite 700, 1255 22nd Street

NW, Washington, DC 20037, Tel (202) 955-7999, Fax (202) 333-3246.

As of July 2000, there is no travel advisory in effect for the UAE. A general worldwide advisory concerning terrorism is in effect and travelers should contact the Department of State's Office of Citizen Services or the nearest U.S. Embassy or Consulate for an update. The Embassy in Abu Dhabi maintains a website at [www.usembabu.gov.ae](http://www.usembabu.gov.ae) and the Department of State web page is [www.state.gov](http://www.state.gov)

#### C. HOLIDAYS 2001

New Year's Day	January 01	Monday
Martin Luther King Day	January 13	Saturday
President's Day	February 17	Saturday
Waqfa*	March 4	Sunday
Eid Al-Adha*	March 5-6	Mon-Tues
Islamic New Year*	March 26	Monday
Memorial Day	May 26	Saturday
Prophet's birthday*	June 4	Monday
Independence Day	July 4	Wednesday
Shaikh Zayed's Accession	August 6	Monday
Labor Day	September 1	Saturday
Columbus Day	October 6	Saturday
Ascension Day*	October 15	Monday
Veteran's Day	November 10	Saturday
Thanksgiving Day	November 21	Wednesday
UAE National Day	December 2-3	Sun-Monday
Eid Al Fitr*	December 16	Sunday
Christmas Day	December 25	Tuesday

\*Denotes UAE religious holidays. Dates for religious holidays are dependent upon the sighting of the moon and are likely to vary from the above estimated dates.

#### D. Business Infrastructure

Language: The language of business is English, but Arabic, Farsi, Urdu and Hindi are also widely spoken. Most taxi drivers understand sufficient English to get you where you want to go, even if they do not speak it.

Accommodations: Most major international hotel chains are represented in the UAE, including the Hilton, Sheraton, Intercontinental, Hyatt Regency, Holiday Inn, JW Marriott, Novotel, Ramada and Meridien.

Transportation: Taxis are the prevalent form of transportation and are widely available throughout the Emirates. In Abu Dhabi, taxis are metered and fares rarely exceed USD 3.50, including tip. Luxury radio taxis are available from the major hotels for perhaps triple the rate of street taxis, but are still a bargain. In Dubai, not all taxis are metered, but fares should not exceed Dirhams 25.00 (USD 7.00 approx.) unless you are traveling to the outer suburbs. The fare from the World Trade Center to the Jebel Ali Free Trade Zone is about Dirhams 100-125 (USD 28-34 approx.).

Housing: Housing for western expatriates is expensive. Villa rental rates can run from USD 28,000 to USD 70,000 per annum, payable one year in advance. Local laws permit rents to increase 10% annually. Apartments are less expensive.

E. Persons Requesting A Visit Visa for Business Submit the Following:

1. Two fully completed applications per person. Two-passport size photographs per person.
2. A valid passport signed by the bearer, and valid for at least six months (photocopies will not be accepted).
3. A letter of sponsorship from the local UAE company, indicating the name of the applicant, the purpose of the visit, the duration of the visit, and whether the request is for a single journey entry or a multiple journey entry.
4. A letter from the applicant's employer stating the name of the applicant and the purpose of the visit.

Application Fee: U.S. Nationals: No fee is required.

Visa Validity:

Multiple Journey Entry:

American Nationals: Multiple Journey Entry visas are valid within (1) year up to a maximum of (10) years, for a maximum stay of six (6) months per entry.

Business Disputes: American citizens may become involved in disputes of a commercial nature involving the withholding of the American citizen's passport by the local firm or courts. Travel bans may also be enforced on American citizens involved in financial disputes with a local sponsor or firm. These bans, which are rigidly enforced, prevent the individual from leaving the UAE for any reason until the matter is resolved. Although it is customary for a local sponsor to hold an employee's passport, it is not required under UAE law. Most contractual/labor disputes can be avoided by clearly establishing all terms and conditions of employment of sponsorship in the labor contract at the beginning of employment. Should a dispute arise, the UAE Ministry of Labor has established a special department to review and arbitrate labor claims. A list of local

attorneys capable of representing Americans in such matters is available from the consular and commercial sections of the U.S. Embassy in Abu Dhabi and the U.S. Consulate General in Dubai.

Travelers intending to reside and work in the UAE should have their academic and occupational certificates duly authenticated by the Department of State's authentication office in Washington, D.C. before traveling. UAE labor law requires local sponsors to produce employee's academic and/or professional certificates duly authenticated from the individual's country's foreign ministry before a work permit can be issued.

Health: Public health services in Abu Dhabi and Dubai are adequate, i.e., major trauma cases can be stabilized. Major hospitals have the most recent equipment and trained personnel to operate them. Public health services are provided to all foreign residents for a small annual fee. However most western expatriates use private medical facilities and carry private health insurance.

## CHAPTER X: APPENDICES

### APPENDIX A: Country Data

#### A. Profile

Population: With a 1998 estimate of 2.8 million, the population of the United Arab Emirates has been growing about 3.0% annually. Due to the lack of an official census, the exact count of the UAE population is indefinite, however it is known to be approaching 3.0 million. Major ethnic groups include Arab, Pakistani, Indian, Iranian, Afghan, Bangladeshi and Filipino. While exact data is not available, roughly 20% of UAE residents are believed to be nationals of the United Arab Emirates.

Religion (s): The official religion is Islam. An estimated 90% of the total population (including expatriates) is Moslem. The authorities permit worship of other religions. There are Christian churches and Hindu temples in Abu Dhabi, Dubai and Sharjah.

Government Systems: The government is a federation of the seven Emirates of Abu Dhabi, Dubai, Sharjah, Ras al-Khaimah, Ajman, Umm al-Quwain, & Fujairah, each of which has its own ruler, but which are collectively headed by a president and a vice president. His Highness Sheikh Zayed bin Sultan Al Nahyan, the ruler of Abu Dhabi, is the President. His Highness Sheikh Maktoum bin Rashid Al Maktoum, the ruler of Dubai, is the Vice President. The rulers of each of the Emirates belong to the Supreme Council, which is the UAE's highest legal authority and promulgates federal laws. The Federal National Council, consisting of 40 nationals appointed by the rulers, acts as an advisory legislative body. The Council of Ministers, appointed



by the supreme council, manages the day to day affairs of the federation.

Each Emirate has its own local government involved with municipal affairs and in some cases major public utilities like power and water.

Language (s): The official language is Arabic, but English is widely used in business. Hindi, Urdu, and Farsi (Persian) are also spoken.

Work Week: The regular workweek is from Saturday to midday Thursday. Most private business offices are also open on Thursday afternoon. Working hours vary. Federal government offices are open from 7:30 a.m. until 2:00 p.m., Saturday through Wednesday. Commercial outlets re-open in the afternoon from about 4:30 p.m. - 8:00 p.m.

Note: Many western firms, including the U.S. Embassy and Consulate, are open Saturday through Wednesday. However some western firms in Dubai work Sunday through Thursday.

Drugs and Crime Penalties: Travelers are subject to the laws and legal practices of the country in which they travel. Penalties for possession of illegal substances are strict in the UAE. A variety of drugs normally taken under a doctor's supervision in the United States are classified as narcotics in the UAE. Doctor's prescriptions should be carried along with any medication that is brought into the country. UAE authorities have been known to arrest travelers upon arrival and--based on a finding of recent prior drug use--prosecute them.

Climate: Between November and March the UAE is warm and sunny, with an average temperature of 26 degrees Celsius during the day, and cool, with an average temperature of 15 degrees Celsius at night. High temperatures (up to 50 degrees Celsius) and high levels of humidity are the norm between June and August.

Time: 4 hours ahead of GMT

Currency: Arab Emirates Dirham (=Dh or AED)

Exchange Rate: Dh 3.671=U.S \$1.00

Crimes of fraud, including passing bad checks and non-payment of bills (including hotel bills), are serious offenses in the UAE and can result in imprisonment an/or fines. Penalties are generally assessed according to religious law. If imprisoned, bail is generally not available to non-residents of the UAE.

Drinking alcohol without a Ministry of Interior liquor permit is illegal and could result in arrest, fines and/or imprisonment. Alcohol is served at bars in most major hotels. However, this alcoholic beverage service is for those persons who are residing at the hotel. Persons not residing

at the hotel who come in to use the facility's bar technically are required to have their own personal liquor license. Liquor licenses are obtainable only by persons who possess UAE residency permits. Drinking and driving is considered a serious offense.

Driver's license: In order to drive, UAE residents must obtain a UAE driver's license. Foreign driver's licenses are not recognized and temporary UAE licenses are no longer issued. However, a non-resident visitor to the UAE can drive if he/she obtains a valid international driver's license issued by the motor vehicle authorities of the country whose passport the travelers holds. Under no circumstances should anyone drive without a valid license.

#### Appendix B: Domestic Economy

USD Millions

	1997	1998	1999 (est)	2000 (est)
Nominal GDP (Billion USD)	49.2	46.3	50.4	53.43
Real GDP Growth Rate (Percent)	0.7	(5.8)	2.6	3.4
GDP Per Capita (Current Prices)	17,800	16,784	17,100	17,300
Government spending As a % of GDP	15.4	12.9	12.7	N/A
Unemployment	2.6	2.7	2.7	2.8
Official Foreign Exchange Reserves	8.0	8.25	8.50	N/A
Average Exchange Rate for USD 1.00	3.671	3.671	3.671	3.671
Debt Service Ratio U.S. Economy/Military Assistance	N/A	N/A	N/A	N/A

#### Appendix C - Trade USD Millions

	1997	1998	1999	2000
Total UAE Exports	31,070	30,749	36,460	39,490
Total UAE Imports	24,952	28,022	30,350	32,480
US Exports to UAE	2,606	2,370	2,713	2,900
US Imports from UAE	965	709	757	900
US share of UAE				
Importers (percent)	11.00	8.5	8.9	8.9
Imports of manufactured goods (HS 28-40, 42, 46, 48-97 less 71)				
-Total (from world)	14,296	15,182	16,093	
-From US	1,444	1,621	1,790	
-US share of manufactured imports (percent)	10.1	11	11	
-Manufactured goods trade balance with the US	1,248	1,300	1,355	
-Projected average annual growth rate from world through 1996 (percent)	6.2	6	6	
-Projected average annual growth rate from US through 1996 (percent)	4.9	(5)	10	

#### Appendix D: Investment Statistics

U.S. foreign direct investment in the UAE was \$789 million in 1996, up 19.6% from that in 1995.

#### Appendix E: Contacts:

##### DEPARTMENT OF COMMERCE

Abu Dhabi: Senior Commercial Officer - Nancy Charles-Parker  
Tel: (971-2) 6273666, Fax: (971-2) 6271377.

Dubai: Commercial Officer - John Lancia  
Tel: (971-4) 3313584, Fax: (971-4) 3313121

##### Washington D.C.:

UAE Desk Officer: David Guglielmi Tel:(202)482-5545;  
Fax: (202) 482-0878; Flash Fax:(202) 482-1064

Regional Director: Kevin Brennan  
Deputy Director: JeNelle Matheson  
Tel: (202) 482-4836, Fax: (202) 482-5179

## DEPARTMENT OF AGRICULTURE

Agricultural Trade Office  
P.O.Box 9343  
Dubai, UAE  
Tel: (971-4) 3314-063, Fax: (971-4) 3314-998  
Email: [atodubai@emirates.net.ae](mailto:atodubai@emirates.net.ae)  
Home Page: <http://www.usembabu.gov.ae/atodubai.htm>  
Contact: Ronald Verdonk, Regional Director  
Covers: Bahrain, Kuwait, Oman, Qatar and UAE

## USDA Contact Information

Trade Assistance and Promotion Office (TAPO)  
Foreign Agricultural Service (FAS)  
U.S. Department of Agriculture  
P.O. Box 1052  
Washington, D.C. 20250-1052  
Tel: 202-720-7420  
Fax: 202-690-4374

The FAS home page address on Internet is <http://www.fas.usda.gov>

## U.S. BUSINESS GROUPS

The American Business Group of Abu Dhabi  
P.O. Box 43710, Abu Dhabi, UAE  
Tel: 971-2-6262086; Fax: 971-2-6262087  
Email: [abgroup@emirates.net.ae](mailto:abgroup@emirates.net.ae)  
Website: <http://www.abg-ad.com>  
Contact: Mr. John Veliquette, President

The American Business Council of Dubai and Northern Emirates  
P.O. Box 9281, Dubai, UAE  
Tel: 971-4-3314735; Fax: 971-4-3314227  
Email: [amchamdx@emirates.net.ae](mailto:amchamdx@emirates.net.ae)  
Website: <http://www.abcdubai.com>  
Contact: Mr. Mac Clelland, President

## FEDERAL MINISTRIES

Presidential Court of the UAE  
P.O. Box 280 Abu Dhabi, UAE  
Tel: 971-2-6652000, Fax: 971-2-6651962  
Chamberlain: Shaikh Suroor Bin Mohamed Al Nahyan  
Office Director: Sultan Al Rumaithy

Court of the Crown Prince of Abu Dhabi  
(Shaikh Khalifa Bin Zayed Al Nahyan)  
P.O. Box 124, Abu Dhabi, UAE  
Tel: 971-2-6652265, Fax: 971-2-6650505  
Chairman: Shaikh Sultan Bin Khalifa Al Nahyan  
Office Director: Ahmed Juma Al Zaabi

Ministry of Agriculture and Fisheries  
P.O. Box 213  
Abu Dhabi, UAE  
Tel: 971-2-6662781, Fax: 971-2-6654787  
Minister: H.E. Saeed Raqabani

UAE. Armed Forces General Headquarters (GHQ)  
P.O. Box 3755, Abu Dhabi, UAE  
Tel: 971-2-4414999, Fax: 971-2-4414082  
Chief of Staff: H.H. Shaikh Mohamed Bin Zayed Al Nahyan

UAE Armed Forces Directorate of General Purchasing  
GHQ, P.O. Box 2501, Abu Dhabi, UAE  
Tel: 971-2-4415300, Fax: 971-2-4415687  
Deputy Director: Colonel Obaid Al-Ketbi

Ministry of Communications  
P.O. Box 900, Abu Dhabi, UAE  
Tel: 971-2-6651900, 971-2-6651691  
Minister: Ahmed Humaid Al Tayer

Ministry of Economy and Commerce  
P.O. Box 901, Abu Dhabi, UAE  
Tel: 971-2-6265000, Fax: 971-2-6260000  
Minister: H.H. Shaikh Fahim Bin Sultan Al Qassimi

Ministry of Electricity and Water  
P.O. Box 629, Abu Dhabi, UAE  
Tel: 971-2-6274222, Fax: 971-2-6269738  
Minister: Humaid Bin Nasser Al Owais

Ministry of Health  
P.O. Box 848, Abu Dhabi, UAE  
Tel: 971-2-6330000,331000, Fax: 971-2-6217722  
Minister: Hamad Abdul Rahman Al Midfa

Ministry of Labor and Social Affairs  
P.O. Box 809, Abu Dhabi, UAE  
Tel: 971-2-6671700, Fax: 971-2-6671222  
Minister: Mattar Humaid Al Tayer

Ministry of Petroleum and Mineral Resources  
P.O. Box 59, Abu Dhabi, UAE  
Tel: 971-2-6671999, Fax: 971-2-6663414  
Minister: Obeid Bin Saeed Al Nasseri

Ministry of Planning  
P.O. Box 904, Abu Dhabi, UAE  
Tel: 971-2-6269898, Fax: 971-2-6271375  
Minister: H.H.Shaikh Humaid Bin Ahmed Al Moalla

#### ABU DHABI AUTHORITIES

Abu Dhabi Department of Civil Aviation  
P.O. Box 20, Abu Dhabi, UAE  
Tel: 971-2-5757500, Fax: 971-2-5757285  
Director General: Mohammed Ghana Al Ghaith  
Chairman: H.H. Shaikh Hamdan Bin Mubarak Al Nahyan

Abu Dhabi Finance Department  
P.O. Box 246, Abu Dhabi, UAE  
Tel: 971-2-6651500, Fax: 971-2-6665240  
Chairman: Mohamed Habroosh Al Suweidi

Abu Dhabi Municipality  
P.O. Box: 263, Abu Dhabi, UAE  
Tel: 971-2-6788888, Fax: 971-2-6774919  
Chairman: Shaikh Mohamed Bin Butti

Abu Dhabi Water and Electricity Authority  
P.O. Box 219, Abu Dhabi, UAE  
Tel: 971-2-6271300, Fax: 971-2-6267725  
Chairman: H.H. Shaikh Diyab Bin Zayed Al Nahyan

Abu Dhabi Chamber of Commerce & Industry  
P.O. Box 662, Abu Dhabi, UAE  
Tel: 971-2-6214000, Fax: 971-2-6215867  
Director General: Mohammed Omar Abdulla

Abu Dhabi General Industry Corporation  
P.O. Box 4499, Abu Dhabi, UAE  
Tel: 971-2-6214900, Fax: 971-2-6325034  
Chairman: H.H. Shaikh Hamad Bin Tahnoon Al Nahyan

Abu Dhabi Immigration & Naturalization Department  
P.O. Box 29444, Abu Dhabi, UAE  
Tel: 971-2-4462244, Fax: 971-2-4461621  
Director: Mohammed Badr Al Hameli

Abu Dhabi Public Works Department  
P.O. Box 3, Abu Dhabi, UAE  
Tel: 971-2-6434111, Fax: 971-2-6434338  
Chairman: H.H. Shaikh Sultan Bin Zayed Al Nahyan

Abu Dhabi Commercial Buildings and Social Services Dept.  
(The "Khalifa Committee")  
P.O. Box: 3564, Abu Dhabi, UAE  
Tel: 971-2-6310000, Fax: 971-2-6310032  
Chairman: Saif Bin Ahmed Jaber Al Hamili

Abu Dhabi Town Planning Dept.  
P.O. Box 862, Abu Dhabi, UAE  
Tel: 971-2-6780000, Fax: 971-2-6786716  
Undersecretary: Engr. Mohammed Abdullah Al Suwaidi

Abu Dhabi Purchasing Department  
P.O. Box 838, Abu Dhabi, UAE  
Tel: 971-2-6212700, Fax: 971-2-6343696  
Chairman: Khalfan Ghaith Al Moheirbie

Abu Dhabi National Oil Company (ADNOC)  
P.O. Box 898, Abu Dhabi, UAE  
Tel: 971-2-6020000, Fax: 971-2-6023389  
General Manager: Yousef Bin Omayr Bin Yousef

Abu Dhabi Investment Authority (ADIA)  
P.O. Box 3600, Abu Dhabi, UAE  
Tel: 971-2-6266500, Fax: 971-2-6274605  
Managing Director: H.H. Shaikh Ahmed Bin Zayed Al Nahyan

Abu Dhabi Marine Operating Company (ADMA-OPCO)  
P.O. Box 303, Abu Dhabi, UAE  
Tel: 971-2-6060000, Fax: 971-2-6064848  
General Manager: Mr. Bacconnier

Abu Dhabi Company for Onshore Oil Operations (ADCO)  
P.O. Box 270, Abu Dhabi  
Tel: 971-2-6040000, Fax: 971-2-6669785  
General Manager: Kevin Dunn

World Trade Center Abu Dhabi  
P.O. Box 33399  
Abu Dhabi, UAE  
Tel. 971-2-6328555  
Fax. 971-2-6328855  
Email: wtcad@emirates.net.ae  
Mr. Ousama Gahnnoom, General Manager

Customs Department  
P.O. Box 255  
Abu Dhabi, UAE  
Tel: 971-2-6730700, Fax: 971-2-6731150  
Chairman: H.E. Mohd Saleh Bin Baswa

Abu Dhabi Seaport Authority  
P.O. Box 422  
Abu Dhabi, UAE  
Tel: 971-2-6730336, Fax: 971-2-6731023  
Chairman: H.E. Shaikh Saeed Bin Zayed Al Nahyan

DUBAI AUTHORITIES



Dubai Civil Aviation Dept.  
P.O. Box 2525, Dubai, UAE  
Tel: 971-4-2245555, Fax: 971-4-2244074  
President: Shaikh Ahmed Bin Saeed Al Maktoum

Dubai Port Authority  
P.O. Box 17000, Dubai, UAE  
Tel: 971-4-8815000, Fax: 971-4-8815142  
Chairman: Sultan Ahmed Bin Sulayem

Dubai Municipality  
P.O. Box 67, Dubai, UAE  
Tel: 971-4-2215555, Fax: 971-4-2246666  
Director: Qassim Sultan

Dubai Petroleum Company (DPC)  
P.O. Box 2222, Dubai, UAE.  
Tel: 971-4-3432222, Fax: 971-4-3012200  
President: Mr. James Khudsen

Dubai Water and Electricity Authority  
P.O. Box 564  
Dubai, UAE  
Tel: 971-4-3244444, Fax: 971-4-3248111  
General Manager: Sayed Mohd Al Tayer

#### APPENDIX F: Market Research

SSS Corporate Research, P.O. Box 73435, Abu Dhabi, UAE  
Tel: 971-2-6263455, Fax: 971-2-6263466  
Contact: Mr. Peter D. Alcock, Managing Director

Ram Information Center, P.O. Box 72594, Abu Dhabi, UAE  
Tel: 971-2-6789174, Fax: 971-2-6794092  
Contact: Mr. George Reynolds, General Manager

Falcon Marketing & Consulting Company Ltd, P.O. Box 47121  
Abu Dhabi, UAE, Tel. 971-2-6268285/6273061, Fax. 971-2-6272650  
Contact: Mr. Fadi Mitri, General Manager

Core Management Consultants, P.O. Box 4357, Sharjah, UAE  
Tel: 971-6-5616349, Fax: 971-6-5616351, Contact: Mr. Pervaiz Nasir, Managing Partner

Pan Arab Research Center WLL, P.O. Box 14680, Dubai, UAE  
Tel: 971-4-3376696, Fax: 971-4-3344456, Contact: Mr. Sami Raffoul, General Manager

Griffin Nagda & Company, P.O. Box 1400, Dubai, UAE  
Tel: 971-4-2222537, Fax: 971-4-2242367, Contact: Abdul Wahid Nagda, Managing Director.

Dun & Bradstreet International, P.O. Box 22525, Sharjah, UAE  
Tel: 971-6-5538440, Fax: 971-6-5593852, Contact: Dean Marcini, Regional Manager.

#### List of Agricultural Reports

TC8011	The Food Retail Sector in the Gulf Region
TC8031	UAE Food and Agricultural Import Regs. & Stds.
TC9012	Excep. Growth in U.S. Exports to GCC5 in 98
TC9018	Food Exporter's guide for doing business in GCC5
TC9024	UAE Fresh Fruits Report
TC9025	Annual Poultry Meat Report
TC9038	Retail Sector Report - UAE
TC9040	Exporter's Guide GCC5

#### INDUSTRY - MARKET RESEARCH

Industry Sub-Sector Analyses (ISAS)  
Non-Agricultural Market

Title	Date Prepared
- Port Development	January 1998
- Electrical Generating Equipment	April 1998
- Hotel/Restaurant Equipment	April 1998
- Recreation Equipment	May 1998
- Auto Spare Parts	May 1998
- Internet Working	June 1998
- Defense Industry Equipment	November 1998
- Health Care Services	January 1999
- Env. Technology's Role in Pollution Control	April 1999
- Household Furniture	April 1999
- Airport & Ground Support Equipment	April 1999
- Plumbing Products	May 1999
- Fitness Equipment	May 1999
- Travel & Tourism Services	Sept 1999

- Advertising	Dec 1999
- Security Safety Equipment	January 2000
- Telecommunications Equipment	April 2000
- Architectural/Engineering Services	April 2000
- Port Equipment	May 2000
- Construction Equipment	May 2000
- Legal Services	May 2000
- Computer Networking	June 2000
- Internet/Intranet Computer Networking Svcs	August 2000
- Water Resources Equipment	Sept 2000

#### Appendix G: Trade Event Schedule

Dates	Type of Event	Event Name/Location
2000/2001		
Sept. 2-8, 2000		KID EXPO, Sharjah Product: Kids' wear and walk, kids' play and learn, kids' room and garden, kids' food and drink.
Sept. 4-6, 2000		CHEMTEX-PROCESSTECH INCORPORATING CORROSION MIDDLE EAST Product: Chemicals, petrochemicals and process technology, Corrosion control management. Organizer: International Expo Consultants LLC, Dubai. Tel. 971-4-3435777 Fax. 971-4-3436115
Sept. 17-20, 2000		PACKTECH PRINTECH PLASTECH 2000 Products: Goods and services in the packaging, printing and plastics industries Organizer: Fairs and Exhibitions Ltd., Dubai, Tel. 971-4-2822855 Fax. 971-4-2822866
Sept. 17-20, 2000		TEKNO 7 Products: Industrial machinery and machine tools Organizer: Al Fajer Information & Services, Dubai, Tel. 971-4-3377727, Fax. 971-4-3378788
Sept. 18-21, 2000		PREMIUM 2000 Products: Gifts, premiums, trophies, medals and stationery

Organizer: Channels, Dubai, Tel. 971-4-2824737, Fax. 971-4-2825757

Sept.25-27, 2000

**GULF BEAUTY 2000**

Products: Perfumes, cosmetics and body care

Organizer: Organizer: Channels, Dubai, Tel. 971-4-2824737, Fax. 971-4-2825757

Sept. 26-29, 2000

**MOTEXHA AUTUMN INCORPORATING  
MOTEXHA SHOPPER, MENS LIFESTYLE &  
FASHION SHOWS**

Products: International Fashion, Accessories and leather products exhibition

Organizer: IIR Exhibitions, Dubai, Tel. 971-4-3365161, Fax. 971-4-3360137

Sept. 26-29, 2000

**AMBIENTE ARABIA**

Products: Gift Fair

Organizer: IIR Exhibitions, Dubai, Tel. 971-4-3365161, Fax. 971-4-3360137

Sept. 26-29, 2000

**THE LEATHER SHOW**

Products: Leather fashion wear, accessories and gift items

Organizer: IIR Exhibitions, Dubai, Tel. 971-4-3365161, Fax. 971-4-3360137

Sept. 26-29, 2000

**ARAB HUNTING**

Products: Hunting equipment and its accessories

Organizer: Mediac Communications & Promotion, Dubai, Tel. 971-4-2692004, Fax. 971-4-2691296

Sept. 27-30, 2000

**AL HIDA'A, Sharjah**

Product: Footwear and finished leather goods including handbags, purses, briefcases, wallets, leather garments, upholstery, fashion accessories and corporate gifts.

Oct., 2000

**PIP TRAVEL USA**

Product: Travel related service/products offered in the U.S.

Oct. 4-8, 2000	<b>INDEX</b> Products: Furniture and Interior Design Exhibition Organizer: Dmg Index Exhibitions Ltd., Dubai Tel. 971-4-3319688, Fax., 971-4-3319480
Oct. 4-8, 2000	<b>ARABSHOP</b> Products: Shopfitting, Retail and Display Organizer: Dmg Index Exhibitions Ltd., Dubai. Tel. 971-4-3319688, Fax., 971-4-3319480
Oct.15-18, 2000	<b>ADIPEC 2000</b> Products: Petroleum products and services Organizer: General Exhibitions Corp., Abu Dhabi, Tel. 971-2- 4446900, Fax. 44446135
Oct. 15-19, 2000	<b>BIG 5</b> Products: Water, Building, Refrigeration & Air-conditioning, Glass & Metal Cleaning & Maintenance and Construction Organizer: Dmg Index Exhibitions Ltd., Dubai. Tel. 971-4-3319688, Fax., 971-4-3319480
Oct. 16-19, 2000	<b>MIDDLE EAST ELEVATORS &amp; ESCALATORS TECHNOLOGY EXHIBITION</b> Products: Elevators and escalators Organizer: Dmg Index Exhibitions Ltd., Dubai. Tel. 971-4-3319688, Fax. 971-4-3319480
Oct. 23-27, 2000	<b>MIDEAST WATCH &amp; JEWELRY SHOW</b> Products: Watches, Jewelry, Gold, Precious stones, gems and diamonds. Organizer: Expo Center Sharjah, Sharjah, Tel. 971-6-5551888, Fax. 971-6-5552888
Oct. 28-Nov.1, 2000	<b>GITEX</b> Products: Computers and Communications Organizer: Dubai World Trade Center, Dubai. Tel. 971-4-3321000 Fax. 971-4-3318034
Oct. 28-Nov.1, 2000	<b>COMPUTER SHOPPER, Dubai</b> Product: Retail showcase for GITEX specializing in

home computer equipment.

Oct. 30-Nov. 3, 2000

**ARAB JEWELLERY & WATCH SHOW 2000**  
Organizer: General Exhibitions Corp. Abu Dhabi. Tel. 971-2- 4446900, Fax. 971-2-44446135  
Products: Jewelry, Gemstone, Watches, Gold, Silver, and Workman Equipment. Etc  
Organizer: General Exhibitions Corp., Tel. 971-2-4446900, Fax. 971-2-44446135

Nov.1-12, 2000

**SHARJAH BOOK FAIR**  
Products: Book fair  
Organizer: Expo Center Sharjah, Sharjah, Tel. 971-6-5551888, Fax. 971-6-5552888

Nov. 13-17, 2000

**8<sup>TH</sup> ABU DHABI INTERNATIONAL MOTOR SHOW**  
Products: Passenger Cars, 4wheel Drives, Classic Cars, and related products  
Organizer: General Exhibitions Corp., Abu Dhabi, Tel. 971-2- 4446900, Fax. 971-2-44446135

Nov. 15-19, 2000

**WOMAN**  
Products: Exhibition for woman consumers  
Organizer: Channels, Dubai, Tel. 971-4-2824737, Fax. 971-4-2825757

Nov. 19-22, 2000

**AUTOSTOP**  
Products: Garage Equipment, Refinishing and Autoparts  
Organizer: IIR Exhibitions, Dubai, Tel. 971-4-3365161, Fax. 971-4-3360137

Nov. 19-23, 2000

**INTERNATIONAL AUTUMN TRADE FAIR**  
Products: General Trade Fair  
Organizer: Al Fajer Information & Services, Dubai, Tel. 971-4-3371591, Fax. 971-4-3378788

Nov. 21-23, 2000

**GLASS & CERAMICS MANUFACTURING EQUIPEMNT EXHIBITION**  
Products: Manufacturing machinery, equipment, tools related to the glass and ceramics industry.

Organizer: International Expo-ConsultsLLC, Dubai,  
Tel. 971-4-3435777, Fax. 971-4-43436115

Nov. 20-24, 2000

**AUTOMOBILE SHOW**

Products: Automobiles

Organizer: Expo Center Sharjah, Dubai, Tel. 971-6-5551888, Fax. 971-6-5552888

Dec. 09 - 29, 2000

**RAMDAN & EID FESITVAL**

Products: General Trade Event

Organizer: General Exhibitions Corp., Abu Dhabi, Tel. 971-2- 4446900, Fax. 971-2-44446135

Jan. 14-17, 2001

**ARABPLAST**

Products: Plastics and rubber related products including technology.

Organizer: Al Fajer Information & Services, Dubai, Tel. 971-4-3371591, Fax. 971-4-3378788

Jan.23-26, 2001

**ARAB HEALTH**

Products: Hospital, Medical Equipment and Services Exhibition & Conference.

Organizer: IIR Exhibitions, Tel. 971-4-3365161, Fax. 971-4-3360137

Feb. 4-7, 2001

**PRINTING & PACKAGING TECHNOLOGY**

Products: Goods and services in the printing and packaging industries

Organizer: Fairs and Exhibitions Ltd. Tel. 971-4-2822855 Fax. 971-4-2822866

Feb. 04-08, 2001

**ENVIRONMENT 2001**

Products: Environmental Exhibition & Conference

Organizer: General Exhibitions Corp., Abu Dhabi, Tel. 971-2- 4446900, Fax. 971-2-4446135

Feb. 8-11, 2001

**GULF INTERIOR FAIR**

Products: Annual exhibition related to the complete interior industry

Organizer: Expo Center Sharjah, Sharjah, Tel. 971-6-5551888, Fax. 971-6-5552888

Feb.12-15, 2001	<p>ARAB LAB</p> <p>Products: Laboratory Technology, Instrumentation Equipment and Services</p> <p>Organizer: International Conferences &amp; Exhibitions, Dubai, Tel. 971-4-3460503, Fax. 971-4-3460498</p>
Feb.13-16, 2001	<p>MEMEX</p> <p>Products: International Exhibition for Music, video, recording equipment and technology for the entertainment industry.</p> <p>Organizer: International Conferences &amp; Exhibitions, Dubai, Tel. 971-4-3460503, Fax. 971-4-3460498</p>
Feb. 19, 2001	<p>MIDDLE EAST ELECTRICITY, OIL AND GAS CONFERENCE, Dubai.</p>
Feb.19-21, 2001	<p>MIDDLE EAST ELECTRICITY, OIL AND GAS EXHIBITION, Dubai.</p> <p>Product: Equipment and Services for electricity, oil and gas.</p>
Feb. 25-28, 2001	<p>8<sup>th</sup> GULF FOOD, HOTEL AND EQUIPMENT, Dubai.</p> <p>Product: Food and beverage, hotel and catering equipment.</p>
March, 2001	<p>MSCE BUSINESS INDUSTRY USA CATALOG SHOW. Varied Industries.</p>
Feb. 28-Mar. 3, 2001	<p>TEXPO</p> <p>Products: Textiles, readymade garments, machine and accessories</p> <p>Organizer: Expo Center Sharjah, Tel. 971-6-5551888, Fax. 971-6-5552888</p>
Mar. 18-22, 2001	<p>IDEX 2001</p> <p>Products: Environmental Exhibitions &amp; Conference</p> <p>Organizer: General Exhibitions Corp., Abu Dhabi, Tel. 971-2- 4446900, Fax. 971-2-44446135</p>
Mar. 20-22, 2001	<p>MIDDLE EAST TELCOMMUNICATIONS</p>



Products: Communications, Internet, Satellite and Mobile Telecommunications.

Organizer: Dubai World Trade Center. Dubai, Tel. 971-4-3321000 Fax. 971-4-3318034

Mar. 20-22, 2001

M.E INT'L CABLE SATELLITE & BROADCAST

Products: Cable, Satellite broadcasting, communication equipment

Organizer: Dubai World Trade Center. Dubai, Tel. 971-4-3321000 Fax. 971-4-3318034

Mar. 28-31, 2001

MIDDLE EAST INT'L BOAT SHOW, Dubai.

Product: Equipment for the boating industry.

Mar.31-Apr.02, 2001

HOTEL 2001, Dubai.

Product: Equipment, services and training for the hospitality industry.

Apr. 2-6, 2001

MIDEAST WATCH & JEWELLERY SHOW

Products: Watches, Jewelry, gold, precious stones, gems and diamonds.

Organizer: Expo Center Sharjah, Sharjah, Tel. 971-6-5551888, Fax. 971-6-5552888

Apr. 8-12, 2001

MIDDLE EAST INT'L TRANSPORT EXHIBITION, Dubai

Product: Covers the entire transport industry.

April 16- 26, 2001

ABU DHABI INT'L FAIR-ADIF 2001

Products: Industrial Consumer & General Products

Organizer: General Exhibitions Corp., Abu Dhabi, Tel. 971-2- 4446900, Fax. 44446135

April 17-20, 2001

AGRI-BUSINESS EXPO MIDDLE EAST

Products: Goods and services related to the agricultural and gardening industry

Organizer: Mediac Communication & Promotion, Dubai, Tel. 971-4-2692004, Fax. 971-4-2691296

April 18-21, 2001

MOTEXHA SPRING

Products: Leading Middle East International Fashion, Accessories and leather products

Organizer: IIR Exhibitions, Dubai, Tel 971-2-3365161,  
Fax. 971-2-3364006

April 18-21, 2001

**GULF TEX STYLES**

Products: Garments and Textile manufacturing  
Industry

Organizer: IIR Exhibitions, Dubai, Tel 971-2-3365161,  
Fax. 971-2-3364006

April 22-24, 2001

**UAE DENTAL CONFERENCE & ARAB DENTAL  
EXHIBITION, Dubai**

Product: Covers the entire dental industry.

April 22-24, 2001

**THE DUBAI PHARMACEUTICALS &  
TECHNOLOGY CONFERENCE & EXHIBITION.**

Product: Covers the entire pharmaceutical industry.

April 24-27, 2001

**GULF EDUCATION & TRAINING**

Products: International Student recruitment show  
Organizer: International Conferences & Exhibitions,  
Dubai, Tel. 971-4-3460503, Fax. 971-4-3460498

May 1-4, 2001

**ARABIAN TRAVEL MARKET**

Products: Travel & Tourism

Organizer: Reed Exhibitors, Dubai, Tel. 0044-181-  
9107958, Fax. 0044-181-910-7733

May 3-8, 2001

**SHARJAH INTERNATIONAL FAIR**

Products: Consumer goods

Organizer: Expo Center Sharjah, Sharjah, Tel. 971-6-  
5551888, Fax. 971-6-5552888

May 6-10, 2001

**INTERNATIONAL SPRING TRADE FAIR**

Products: A general Trade Fair

Organizer: Al Fajer Information & Services, Tel. 971-  
4-3377727, Fax. 971-4-3378788

May 15-19, 2001

**INTERNATIONAL JEWELRY**

Products: Jewelry, Luxury gifts, watches, gems

Organizer: Dubai World Trade Center. Tel. 971-4-  
3321000 Fax. 971-4-3318034

May 16-19, 2001	*GULF LIFESTYLE, Dubai
Sept.24-27, 2001	MOTEXHA AUTUMN Products: Fashion, Accessories, & Leather Products Organizer: IIR Exhibitions, Dubai, Tel. 971-4-3365161, Fax. 971-4-3360137
Sept. 24-27, 2001	AMBIENTE ARABIA Products: Gifts Organizer: IIR Exhibitions, Dubai, Tel. 971-4-3365161, Fax. 971-4-3360137
Sept. 24-27, 2001	THE LEATHER SHOW, Dubai Product: Leather fashionwear, accessories and leather products.
Sept. 25-28, 2001	*ARAB HUNTING Products: Hunting equipment and accessories Organizer: Mediac Communications & Promotion, Dubai, Tel. 971-4-2692004, Fax.. 971-4-2691296
Oct 3-7, 2001	INDEX Products: Furniture and Interior Design Exhibitions Organizer: INDEX Exhibitions, Dubai, Tel. 971-4-3319688, Fax. 971-4-3319688 Fax. 971-4-3319480
Oct 3-7, 2001	ARABSHOP Products: Shoplifting, retail, and display exhibition Organizer: INDEX Exhibitions, Dubai, Tel. 971-4-3319688, Fax. 971-4-3319688 Fax. 971-4-3319480
Oct 7-10, 2001	MATERIALS HANDLING, Dubai
Oct 14-19, 2001	BIG 5 Products: Water, refrigeration & air conditioning, glass & metal, cleaning & maintenance and construction Organizer: INDEX Exhibitions, Dubai, Tel. 971-4-3319688, Fax. 971-4-3319688 Fax. 971-4-3319480
Oct 13-16, 2001	ARAB OIL & GAS Products: Oil and gas industry Organizer: International Conferences & Exhibitions,

Dubai, Tel. 971-4-3460503, Fax. 971-4-3460498

Oct 27-31, 2001

**GITEX**

Products: suppliers of computers and communications

Organizer: Dubai World Trade Center, Dubai, Tel.

971-4-3321000 Fax. 971-4-3318034

Oct 27-31, 2001

**\*COMPUTER SHOPPER**

Products: Home Computer equipment

Organizer: Dubai World Trade Center, Dubai, Tel.

971-4-3321000, Fax, 971-2-3318034

Nov 4-8, 2001

**\*AIRSHOW, Dubai**

Product: Related to the defense and air transport industry.

Nov 8-12, 2001

**M.E.INTERNATIONAL MOTOR SHOW**

Products: Exhibition for the motor Industry

Organizer: Dubai World Trade Center, Dubai, Tel.

971-4-3321000, Fax, 971-2-3318034

**Legend:**

MSCE: Multi-State Catalog Event

PIP: Post Initiated Program

All events are strictly for trade except those marked with asterisk (\*).

**APPENDIX H: Agricultural Trade Event Schedule**

Feb 25-28, 2001

**8<sup>TH</sup> GULF FOOD HOTEL & EQUIPMENT**

Products: Food and beverage, hotel and catering equipment

Organizer: Dubai World Trade Center, Dubai, Tel.

971-4-3321000 Fax. 971-4-3318034